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INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

HEARINGS BEFORE A SPECIAL COMMITTEE ON UN-AMERICAN ACTIVITIES HOUSE OF REPRESENTATIVES

SEVENTY-SIXTH CONGRESS

FIRST SESSION

ON

H. Res. 282

TO INVESTIGATE (1) THE EXTENT, CHARACTER, AND OBJECTS OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES, (2) THE DIFFUSION WITHIN THE UNITED STATES OF SUBVERSIVE AND UN-AMERICAN PROPAGANDA THAT IS INSTIGATED FROM FOREIGN COUNTRIES OR OF A DOMESTIC ORIGIN AND ATTACKS THE PRINCIPLE OF THE FORM OF GOVERNMENT AS GUARANTEED BY OUR CONSTITUTION, AND (3) ALL OTHER QUESTIONS IN RELATION THERETO THAT WOULD AID CONGRESS IN ANY NECESSARY REMEDIAL LEGISLATION

VOLUME 8

SEPTEMBER 18, 19, 20, 22, 23, 25, AND 27, 1939

AT WASHINGTON, D. C.

Printed for the use of the Special Committee on Un-American Activities



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Anonymous

Aug. 27, 1953

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INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

MONDAY, SEPTEMBER 18, 1939

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE UN-AMERICAN ACTIVITIES,
Washington, D. C.

(The hearing convened at 2:30 o'clock p. m.)

The CHAIRMAN. The committee will be in order. Who is your first witness?

Mr. WHITLEY. Mr. Carp.

The CHAIRMAN. Come around, Mr. Carp.

The witness was duly sworn by the chairman.

TESTIMONY OF SAM CARP, OF THE CARP EXPORT & IMPORT CO.

The CHAIRMAN. Are you here with an attorney?

Mr. CARP. No, sir.

The CHAIRMAN. You have no attorney with you?

Mr. CARP. No, sir.

The CHAIRMAN. All right. Sit down. Who is that gentleman there next to you?

Mr. CARP. Mr. Wolf. He happens to be connected with me.

The CHAIRMAN. Mr. Wolf?

Mr. CARP. Yes, sir.

The CHAIRMAN. In the capacity of attorney?

Mr. CARP. He is an attorney, but he doesn't represent me. He is a partner in the business.

The CHAIRMAN. A partner in the business?

Mr. CARP. Yes.

The CHAIRMAN. All right.

Mr. WHITLEY. For the record let us get your full name, Mr. Wolf. What is your name?

Mr. WOLF. Morris Wolf.

Mr. WHITLEY. What is your address?

Mr. WOLF. 12 West Seventy-seventh, Manhattan, N. Y.

The CHAIRMAN. What is Mr. Carp's first name?

Mr. CARP. Sam.

Mr. WHITLEY. What is your address, Mr. Carp?

Mr. CARP. Where I live?

Mr. WHITLEY. Your residence and business both.

Mr. CARP. My residence is 1802 Park Avenue, Bridgeport, Conn.

Mr. WHITLEY. What is your business address?

Mr. CARP. 220 Fifth Avenue, New York.

Mr. WHITLEY. Where were you born, Mr. Carp?

Mr. CARP. In Russia.

Mr. WHITLEY. When were you born?

Mr. CARP. March 20, 1888.

Mr. WHITLEY. Are you married or single?

Mr. CARP. Married.

Mr. WHITLEY. Have you ever been arrested in the United States or anywhere else?

Mr. CARP. No, sir.

Mr. WHITLEY. When did you leave your native country?

Mr. CARP. In 1910.

Mr. WHITLEY. Where did you go from there?

Mr. CARP. I came right to the United States.

Mr. WHITLEY. What was your port of entry?

Mr. CARP. My port of entry was Philadelphia.

Mr. WHITLEY. Do you remember the date that you arrived here?

Mr. CARP. February 16, 1911.

Mr. WHITLEY. Where have you lived in the United States?

Mr. CARP. In Bridgeport.

Mr. WHITLEY. In Bridgeport, Conn.?

Mr. CARP. Ever since I came here.

Mr. WHITLEY. What occupations have you followed since you arrived in the United States?

Mr. CARP. Well, first I worked as a laborer.

The CHAIRMAN. Worked as a laborer?

Mr. CARP. Yes, sir. Then I worked at painting as a painter.

The CHAIRMAN. As a painter?

Mr. CARP. Yes, sir. Then I went into the oil business.

Mr. WHITLEY. In the oil business in Bridgeport?

Mr. CARP. Bridgeport. All my business has always been in Bridgeport.

Mr. WHITLEY. And how long were you in the oil business?

Mr. CARP. In the oil business I am working from 1914 up to just now.

Mr. WHITLEY. Up until now?

Mr. CARP. Up till now. Up till about 2 months ago.

Mr. WHITLEY. About 2 months ago you sold out your oil business?

Mr. CARP. I sold it out a few times, but the last time that I sold it was a few months ago.

Mr. WHITLEY. You have no connection with the oil business now?

Mr. CARP. No. I have no connection with the oil business.

The CHAIRMAN. When you say "oil business" do you mean in the capacity of a retailer or distributor or what?

Mr. CARP. A distributor. I had a chain of gasoline stations, and I also did a wholesale business.

The CHAIRMAN. You had a chain of filling stations?

Mr. CARP. Yes.

The CHAIRMAN. And you also did a wholesale business?

Mr. CARP. Yes.

Mr. WHITLEY. Are you a citizen of the United States?

Mr. CARP. Yes.

Mr. WHITLEY. Where and when were you naturalized?

Mr. CARP. In Fairfield County, Conn.

Mr. WHITLEY. In what year?

Mr. CARP. 1917.

Mr. WHITLEY. Mr. Carp, what is your present occupation?

Mr. CARP. At the present time?

Mr. WHITLEY. Yes.

Mr. CARP. I am in the export business.

Mr. WHITLEY. In the export business?

Mr. CARP. Yes.

Mr. WHITLEY. Under what name?

Mr. CARP. Carp Export & Import Co.

Mr. WHITLEY. What is the address of that business?

Mr. CARP. 220 Fifth Avenue.

Mr. WHITLEY. When was that business organized?

Mr. CARP. About 2 years ago.

Mr. WHITLEY. Do you remember the exact date?

Mr. CARP. No. I couldn't tell you the exact date. If you will permit me, I can look through my books here with me and I can tell you the exact date.

Mr. WHITLEY. All right. It is a corporation, is it not?

Mr. CARP. It is a corporation. Yes.

Mr. WHITLEY. Let us have the date.

Mr. WOLF. June 18, 1936.

The CHAIRMAN. Mr. Attorney, as bearing on this matter, let me ask you this: I understand that you have other witnesses bearing on this same matter that will follow?

Mr. WHITLEY. We have other witnesses that will follow Mr. Carp.

The CHAIRMAN. All right.

Mr. WHITLEY. And the Carp Export & Import Co. was organized in June 1936?

Mr. CARP. In June 1936.

Mr. WHITLEY. And what is the nature of that business, Mr. Carp?

Mr. CARP. To buy in the United States these materials for export to Russia.

Mr. WHITLEY. Buying in the United States, materials for export to Russia?

Mr. CARP. Yes.

Mr. WHITLEY. Who are the officers of that corporation?

Mr. CARP. Myself and—

Mr. WHITLEY. As president?

Mr. CARP. And Mr. Wolf. I am the president. Yes, sir.

Mr. WHITLEY. And Mr. Morris Wolf. What is his position?

Mr. CARP. Vice president.

Mr. WHITLEY. And the other officers?

Mr. CARP. And Mrs. Wolf.

Mr. WHITLEY. That is your wife?

Mr. CARP. Mr. Wolf's wife.

Mr. WHITLEY. What is her office?

Mr. WOLF. Secretary-treasurer.

Mr. WHITLEY. What is her full name?

Mr. WOLF. S. J. Wolf.

Mr. WHITLEY. What is her office in the corporation?

Mr. WOLF. Secretary and treasurer.

Mr. WHITLEY. Are those the only officers?

Mr. CARP. That is all.

Mr. WHITLEY. Who are the directors of that corporation. Mr. Carp?

Mr. CARP. The three officers.

Mr. WHITLEY. Are the three officers also the three directors?

Mr. CARP. Yes.

Mr. WHITLEY. What is your salary as president of the Carp Export & Import Corporation?

Mr. CARP. I haven't been getting an exact salary. It all depends on how much sales we make. At present I haven't received anything for this year. The year before I think I received about \$12,000 from the corporation. It depends on how much we make, how much sales we have. This year I didn't get any money from the company.

Mr. WHITLEY. No set salary?

Mr. CARP. No set salary.

Mr. WHITLEY. You just divide the commissions?

Mr. CARP. Divide the commissions.

Mr. WHITLEY. Specifically, what is the purpose of the corporation? And how was it organized? In other words, what was your arrangement with the Russian Government by way of contract to act as their agent?

Mr. CARP. In fact, I didn't have no contract.

Mr. WHITLEY. You had no contract?

Mr. CARP. I had no contract. My business was pretty bad about 1933—

Mr. WHITLEY. That is, your oil business?

Mr. CARP. My oil business. And I went—I have relations connected with the Government.

Mr. WHITLEY. You mean, with the Russian Government?

Mr. CARP. Yes.

Mr. WHITLEY. What are those?

The CHAIRMAN. What are those relations?

Mr. WHITLEY. What are those relations?

Mr. CARP. They are with various Government officials.

Mr. WHITLEY. State that connection, Mr. Carp.

Mr. CARP. State that connection?

Mr. WHITLEY. State your connection with the officials of the Russian Government.

Mr. CARP. My relationship?

Mr. WHITLEY. Yes.

Mr. CARP. The Prime Minister of Russia is a brother-in-law of mine.

Mr. WHITLEY. He married your sister?

Mr. CARP. Yes. Molotov. He married my sister.

Mr. WHITLEY. Go ahead and describe how you happened to start this corporation.

Mr. CARP. I went over to Russia trying to get business to make a dollar.

Mr. WHITLEY. What year was that?

Mr. CARP. That was in 1934, I think. And I was not successful at that time. Of course, it cost me money to go; and I wasn't successful at all.

Then I tried again in 1936, and I was successful in acquiring that order for machinery and a lot of things. In fact, if I could have put through my orders, I had orders for \$100,000,000.

Mr. WHITLEY. You had orders from the Russian Government?

Mr. CARP. For \$100,000,000, if I could put through the orders in this country.

Mr. WHITLEY. Whom were those arrangements made with?

Mr. CARP. The first arrangement was with Rosenglotz.

Mr. WHITLEY. Will you spell his name for the record.

Mr. WOLF. R-o-s-e-n-g-l-o-t-z.

Mr. WHITLEY. What is his first name?

Mr. WOLF. I don't know.

Mr. WHITLEY. What is his position with the Government?

Mr. CARP. He was purchasing agent for the whole Russian Government. In other words, all the purchasing agencies were under his supervision.

Mr. WHITLEY. He was purchasing agent for the entire Russian Government?

Mr. CARP. Yes.

Mr. WHITLEY. That is the man with whom you made these arrangements?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Made the contracts for purchases?

Mr. CARP. There was no contract. I just asked him to give me a chance to buy in America. I told him at that time that our factories are idle and we will be able to buy cheaper here than any other place. I——

Mr. WHITLEY. That was in 1936?

Mr. CARP. That was in 1936. And also 1934. Both times.

Mr. WHITLEY. Have you had any recent relations or dealings with this same gentleman?

Mr. CARP. No, sir.

Mr. WHITLEY. He has been shot since that arrangement?

Mr. CARP. I don't know. According to the papers.

Mr. WHITLEY. According to the papers he is one of the purge victims?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And the man with whom you made that verbal contract in 1936?

Mr. CARP. Yes. He gave me the orders.

Mr. WHITLEY. And you haven't had any further dealings with him recently?

Mr. CARP. No, sir.

Mr. WHITLEY. Now, as I understand it, Mr. Carp, you went to Russia and through your brother-in-law——

Mr. CARP. I wouldn't say, through my brother-in-law. I just went and told him that I wanted to do some purchasing.

Mr. WHITLEY. You are not related to Mr. Rosengoltz?

Mr. CARP. No.

Mr. WHITLEY. How did you get the contract?

Mr. CARP. Just simply called on him and told him that I wanted to do some purchasing. I wanted to do some purchasing for Russia.

Mr. WHITLEY. And he gave you authority to purchase \$100,000,000 worth?

Mr. CARP. He gave me orders what to buy.

Mr. WHITLEY. Did he specify exactly what he wanted?

Mr. CARP. Oh, yes. Yes.

Mr. WHITLEY. You had your authority to make purchases to that extent?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And nothing in writing? Just verbal arrangements?

Mr. CARP. No. Nothing in writing. I had made memorandas of the things they wanted to buy.

Mr. WHITLEY. You made notations? You had to make notations as to the specifications, did you not?

Mr. CARP. Well, after. When it came to the specifications, I had to——. They sent men here that knew what they wanted.

Mr. WHITLEY. They sent a man here?

Mr. CARP. They sent men from Russia?

Mr. WHITLEY. To consult with you on these purchases?

Mr. CARP. Yes. On the specifications.

Mr. WHITLEY. Do you think that the fact that your brother-in-law was Mr. Molotov had anything to do with your getting in on these purchases?

Mr. CARP. Do you want to incriminate my brother-in-law? Is that the idea?

Mr. WHITLEY. No. I just want the facts.

Mr. CARP. I don't know. Maybe it was. I wouldn't say. I don't know what the other fellows thought.

Mr. WHITLEY. Did the purchasing agent know that you were Molotov's brother-in-law?

Mr. CARP. Oh, sure. He knew that. Possibly——

Mr. WHITLEY. What arrangements were made to pay for any purchases that you might make in accordance with this arrangement?

Mr. CARP. After we make our purchase, they always deliver the money to us.

Mr. WHITLEY. They deliver you the money?

Mr. CARP. Yes. They never allowed us to buy anything until the money was here. The Russian Government—the way it works—each branch does the buying for themselves. They have to get appropriations. So they never let you buy until the money is here.

Mr. WHITLEY. In other words, you would be in a position to make a purchase in accordance with the specifications?

Mr. CARP. We would see if the money was here.

Mr. WHITLEY. Then you would notify them?

Mr. CARP. Yes.

Mr. WHITLEY. As to the amount of your purchase?

Mr. CARP. Yes.

Mr. WHITLEY. They would send the money to you?

Mr. CARP. Yes.

Mr. WHITLEY. Then you would make the purchase?

Mr. CARP. Yes.

Mr. WHITLEY. Now, what in particular was the Russian Government, through its purchasing agent, interested in purchasing at that time, Mr. Carp?

Mr. CARP. The most particular they were interested in was a battleship.

Mr. WHITLEY. A battleship or battleships?

Mr. CARP. Battleships.

Mr. WHITLEY. Battleships, plural?

Mr. CARP. Plural.

Mr. WHITLEY. What type of ships did they want and what were your instructions with respect to the purchase of the ships?

Mr. CARP. Well, as far as I know, they wanted at that time 35,000-ton battleships.

Mr. WHITLEY. What instructions did you have as to arranging the purchase of those ships?

Mr. CARP. There was no instructions. They told me that if I can acquire them, they will send me a commission. I went and inquired here from architects and everybody else, and I don't know; maybe they gave me the run-around. I thought that I can acquire.

Mr. WHITLEY. You thought that you couldn't buy them?

Mr. CARP. At first I thought that I can.

Mr. WHITLEY. Oh, you thought that you could?

Mr. CARP. Yes.

Mr. WHITLEY. Later you found out——

Mr. CARP. Later, I don't know. Maybe we could. But it looked to me that I am getting a little bit of the run-around in the State Department and the Navy Department.

Mr. WHITLEY. In other words, the majority of that \$100,000,000 that you were authorized to expend was supposed to go for the purchase of two 35,000-ton battleships?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And you were to make arrangements for what—the plans?

Mr. CARP. For the plans and the purchase and everything else.

Mr. WHITLEY. Were those ships to be constructed in the United States?

Mr. CARP. Yes.

Mr. WHITLEY. Or were they to be fabricated here and assembled over there?

Mr. CARP. Some parts were to be constructed here and assembled there. In other words, I had orders for one battleship complete and another one the parts of it to be completed in Russia.

Mr. WHITLEY. Did they authorize you at that time to make purchases of any other type or kind for the Government?

Mr. CARP. Yes.

Mr. WHITLEY. For instance, what?

Mr. CARP. Oh, some airplanes; some other machinery.

Mr. WHITLEY. But they didn't give you the specifications?

The CHAIRMAN. Let us get the other machinery. Airplanes and what else?

Mr. CARP. Engines.

Mr. WHITLEY. Marine engines?

Mr. CARP. Marine engines.

Mr. WHITLEY. And what other types of equipment?

Mr. CARP. I couldn't tell you.

The CHAIRMAN. Any guns?

Mr. CARP. No. I didn't have no order for guns, with the exception that I think the two airplanes we had guns. I think these two airplanes that I bought from the Vultee did.

Mr. WHITLEY. From the Vultee?

Mr. CARP. Yes.

The CHAIRMAN. With the exception of that, there were no other guns?

Mr. CARP. No.

The CHAIRMAN. Any tank equipment?

Mr. CARP. Tank equipment? No.

Mr. WHITLEY. Now, after receiving that authorization, which was verbal, you returned to this country?

Mr. CARP. Yes.

Mr. WHITLEY. And organized the Carp Export & Import Corporation?

Mr. CARP. Yes, sir.

Mr. WHITLEY. To carry on that purchasing business?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And what attempts did you make or what lines did you follow in an effort to carry out your instructions to purchase these battleships?

Mr. CARP. Well, I just hired myself a man who knows something about battleships. I had no one. I didn't know anything.

Mr. WHITLEY. Who was that man?

Mr. CARP. That was Commander Rhodes.

Mr. WHITLEY. Who was Commander Rhodes?

Mr. CARP. He was a retired commander in the United States Navy.

Mr. WOLF. J. R. Rhodes.

Mr. WHITLEY. Commander J. R. Rhodes?

Mr. CARP. Yes.

Mr. WHITLEY. A retired commander in the Navy?

Mr. CARP. Yes.

Mr. WHITLEY. What was he to do? Was he your technical adviser?

Mr. CARP. He was. If I had to talk to manufacturers, at least he could tell me what to say about it. I didn't know anything. I didn't know it was such a complicated affair, and he was the one who explained to me what means "35,000" or "40,000" tons or "6-inch guns" or "14-inch guns" or "fire control" or anything at all. He is the one who would enlighten me on everything in this matter.

Mr. WHITLEY. Did you employ any other technical assistants?

Mr. CARP. What?

Mr. WHITLEY. Did you employ any other technical assistants?

Mr. CARP. No, sir.

Mr. WHITLEY. No other technical assistants?

Mr. CARP. No. The others were Russians, who——

Mr. WHITLEY. Just what did you do as president of this new corporation?

Mr. CARP. Oh, I used to go down to companies like the Bethlehem and the Midland and other companies that make battleships and talk to them.

Mr. WHITLEY. Talk to them?

Mr. CARP. Talk to them about what I wanted and what I needed. It seems as if they were willing to build some ships, but they couldn't make any munitions.

The CHAIRMAN. They couldn't do what?

Mr. CARP. They couldn't make any guns or munitions.

The CHAIRMAN. Couldn't make any guns or munitions?

Mr. CARP. Yes.

Mr. WHITLEY. But they could make ships?

Mr. CARP. They said that they had dismantled the equipment for that and they wouldn't go into it any more.

Mr. WHITLEY. Will you talk a little louder?

Mr. CARP. As far as the battleships are concerned, they told me that they had dismantled their munitions plant and they don't make any more munitions. They could build a boat, but not guns.

Mr. WHITLEY. They could build the boat but they couldn't put guns on it? Is that it?

Mr. CARP. Yes.

Mr. WHITLEY. Did you have a contract as to employing naval architects?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Whom did you employ?

Mr. CARP. Gibbs and Cox.

Mr. WHITLEY. Gibbs and Cox?

Mr. CARP. Yes.

Mr. WHITLEY. Naval architects?

Mr. CARP. Yes.

Mr. WHITLEY. Where are they located?

Mr. CARP. In New York.

Mr. WHITLEY. In New York?

Mr. CARP. On Broadway, New York.

Mr. WHITLEY. What was your arrangement with them?

Mr. STARNES. Who are they?

Mr. CARP. Gibbs & Cox. They are naval architects in New York City.

The CHAIRMAN. Gibbs & Cox?

Mr. WHITLEY. Yes.

The CHAIRMAN. He employed them?

Mr. WHITLEY. To draw plans and specifications.

The CHAIRMAN. All right.

Mr. WHITLEY. What was your arrangement with them? What were they to do, Mr. Carp?

Mr. CARP. There was no arrangement with them whatsoever. The first time I came in to Mr. Gibbs he told me, "I don't know if I can even make a battleship." But he told me he will let me know within a few months; he will try first himself to see if he can.

Mr. WHITLEY. Gibbs & Cox are one of the leading architectural concerns in the United States, are they not?

Mr. CARP. They are.

Mr. WHITLEY. They draw the plans for the United States Government's battleships all the time?

Mr. CARP. I don't know about that. But they told me that they never made a battleship. Maybe they did. Maybe they denied it to me. They told me that they never made one.

Mr. WHITLEY. In other words, they couldn't tell you then? They didn't know whether they could draw plans for a battleship or not?

Mr. CARP. That is the way they told me.

Mr. WHITLEY. What was the result of that?

Mr. CARP. Within 6 months they told me they could make one for me.

Mr. WHITLEY. In 6 months they told you they could draw the plans?

Mr. CARP. They could make plans for me for a battleship.

Mr. WHITLEY. Did they? Did you tell them what kind of battleship you wanted?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Did they draw the plans?

Mr. CARP. They drew the plans, but not what I asked them for. They drew something else.

Mr. WHITLEY. Why didn't they draw what you asked them to?

Mr. CARP. I don't know.

Mr. WHITLEY. What did you ask them for?

Mr. CARP. I asked for a 35,000-ton battleship, and they made a fifty- to sixty-thousand-ton battleship.

Mr. WHITLEY. Oh, they drew a fifty- to sixty-thousand-ton battleship?

Mr. CARP. Yes. Not a battleship—a sketch for one.

Mr. WHITLEY. Just a sketch?

Mr. CARP. Yes.

Mr. WHITLEY. Did you pay them for their services?

Mr. CARP. No, sir.

Mr. WHITLEY. You didn't pay them for their services?

Mr. CARP. No, sir.

Mr. WHITLEY. What happened to those plans then that they drew?

Mr. CARP. After a while they sent those plans to Russia. I paid Gibbs \$25,000 to have those plans—

Mr. WHITLEY (interposing). Sent to Russia?

Mr. CARP (continuing). Sent to Russia by messenger.

Mr. WHITLEY. By messenger?

Mr. CARP. Yes.

Mr. WHITLEY. Did you pick the messenger?

Mr. CARP. No.

Mr. WHITLEY. Or did they send their own?

Mr. CARP. They sent their messenger.

Mr. WHITLEY. They sent their messenger over?

Mr. CARP. Yes, sir. And they wouldn't let them out; kept a lock on them. It was never in the possession of Russia.

Mr. WHITLEY. They wouldn't what?

Mr. CARP. The messenger brought those plans to Russia. I went with the messenger.

Mr. WHITLEY. You went over with the messenger?

Mr. CARP. Yes, sir. The messenger showed the Commission the plans.

Mr. WHITLEY. That is, the Naval Commission in Russia?

Mr. CARP. The Russian Government Commission.

Every day we used to go down in the morning there about 10 o'clock, and up to 5 o'clock they used to inspect those plans. Then that man used to take the plans and bring them to the United States Embassy and lock them in the safe there every day until the day we left.

The CHAIRMAN. Be sure you understand what he is saying there.

Mr. WHITLEY. What time in 1936 was it that you went over?

Mr. CARP. That was in 1938.

Mr. WHITLEY. In 1938? What month?

Mr. CARP. The month of November.

Mr. WHITLEY. The month of November?

Mr. CARP. Yes.

Mr. WHITLEY. And after Gibbs & Cox had finished drawing up the plans—

Mr. CARP. No. They had them in their possession for quite a while.

Mr. WHITLEY. They had them drawn up, though?

Mr. CARP. Yes.

Mr. WHITLEY. They had drawn up plans for a 50,000- or 60,000-ton battleship?

Mr. CARP. I don't know, myself, what it was. It was a big ship.

Mr. WHITLEY. Then the Russian Government sent a messenger over to get—

Mr. CARP. The Russian Government didn't send him.

Mr. WHITLEY. Where did the messenger come from?

Mr. CARP. Gibbs & Cox sent him.

Mr. WHITLEY. Oh; Gibbs & Cox.

Mr. CARP. Sent their man.

Mr. WHITLEY. They sent their man over with the plans?

Mr. CARP. With the plans.

Mr. WHITLEY. And you went with him?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Then you met with the Naval Commission?

Mr. CARP. Yes, sir.

Mr. WHITLEY. In Moscow?

Mr. CARP. In Moscow.

Mr. WHITLEY. And went over the plans every day?

Mr. CARP. Yes.

Mr. WHITLEY. For a period of how long?

Mr. CARP. Oh, about a week.

Mr. WHITLEY. About a week?

Mr. CARP. Yes.

Mr. WHITLEY. Was that for the purpose of seeing if the Naval Commission would accept the plans?

Mr. CARP. The plans; yes, sir.

Mr. WHITLEY. Did they accept them?

Mr. CARP. They did not.

Mr. WHITLEY. They did not accept them?

Mr. CARP. No, sir.

Mr. WHITLEY. They were not accepted?

Mr. CARP. They were not accepted. They were not approved.

Mr. WHITLEY. You said that Gibbs & Cox met you every night and took the plans down and locked them up in the American Embassy?

Mr. CARP. Yes.

Mr. WHITLEY. Was that to keep the Russian Government from reproducing those plans?

Mr. CARP. I take it that was the idea. I don't know what they had in their mind. But they wouldn't trust anybody with the plans.

Mr. WHITLEY. No one? That is the reason they sent their messenger?

Mr. CARP. Yes.

Mr. WHITLEY. And the result of this series of conferences on the plans was that the Russian Government rejected them?

Mr. CARP. Rejected them.

Mr. WHITLEY. You said that these plans consisted of a sketch? What do you mean by a sketch? Do you mean that they were not detailed plans?

Mr. CARP. What?

Mr. WHITLEY. Do you mean that these plans were not detailed plans?

Mr. CARP. No.

Mr. WHITLEY. Well, what did they consist of?

Mr. CARP. Well, there was about 16 sketches.

Mr. WHITLEY. Sixteen sketches? What did they show?

Mr. CARP. I don't know. I couldn't tell you. I am not an architect. That is a pretty hard job.

Mr. WHITLEY. But in these 16 sketches they did enough work on the plans that you paid them \$25,000?

Mr. CARP. Oh, I think that Gibbs & Cox did about \$150,000 worth of work.

Mr. WHITLEY. Oh, about \$150,000 worth?

Mr. CARP. Yes.

Mr. WHITLEY. So you would say that the plans were just sketches if they cost \$150,000, would you, Mr. Carp?

Mr. CARP. Oh, a couple of years ago. I wouldn't say that they were complete, knowing the matters. I know that plans cost \$5,000,000 for a battleship. So I say they were incomplete. They were just a sketch.

Mr. WHITLEY. Oh, \$150,000 is just a sketch?

Mr. CARP. For \$150,000 for a battleship you can get only a sketch.

Mr. WHITLEY. After the Russian Government had turned these plans down—

Mr. CARP. It was not the Russian Government. It was the naval commission, some naval commission.

Mr. WHITLEY. After they had turned them down, then what did you do with them?

Mr. CARP. This messenger took them and delivered them back to the United States.

Mr. WHITLEY. What did he do with them?

Mr. CARP. Through the diplomatic—what do you call it—some kind of diplomatic service. I think it was the Russian diplomatic service.

Mr. WHITLEY. The Russian diplomatic service delivered the plans back?

Mr. CARP. Yes.

Mr. WHITLEY. Back to Gibbs & Cox?

Mr. CARP. Yes.

Mr. WHITLEY. Did the architect's messenger bring them himself?

Mr. CARP. Yes. He brought them back himself.

Mr. WHITLEY. Did you come back with him?

Mr. CARP. I came back with him.

Mr. WHITLEY. You came back with him?

Mr. CARP. Yes.

Mr. WHITLEY. How long were you over there altogether with him, Mr. Carp?

Mr. CARP. Two weeks.

Mr. WHITLEY. What sort of plans, if any, did Gibbs & Cox prepare for you?

Mr. CARP. After that?

Mr. WHITLEY. Or before that?

Mr. CARP. There was no other plans. After that we were trying to get destroyers.

Mr. WHITLEY. Trying to get some destroyers?

Mr. CARP. Yes.

Mr. WHITLEY. Plans for destroyers?

Mr. CARP. Yes.

Mr. WHITLEY. They didn't want 50- or 60-thousand-ton destroyers, did they?

Mr. CARP. No.

And it took so long for them that they started to build them themselves. They didn't wait——

Mr. WHITLEY. So that after the plans had been over there and they started to build their own, they decided then to build them instead of having them built over here?

Mr. CARP. I suppose so. That is just a presumption.

Mr. WHITLEY. What size are they building at the present time, Mr. Carp?

Mr. CARP. I don't know anything about that.

Mr. WHITLEY. You don't know whether they are building 50- or 60-thousand-ton battleships?

Mr. CARP. I don't know anything about that.

Mr. WHITLEY. Now we will get back a minute to the battleships. You said that they sent some Russians over here from time to time to confer with you regarding the specifications?

Mr. CARP. Yes.

Mr. WHITLEY. And the purchases?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Did they send any commissions over here to confer with you that year?

Mr. CARP. Yes, sir.

Mr. WHITLEY. About this battleship plans or battleships?

Mr. CARP. Yes.

Mr. WHITLEY. How many commissions came over here?

Mr. CARP. There was one commission; about five or six men.

Mr. WHITLEY. Who was in charge of that commission, Mr. Carp?

Mr. CARP. Mr. Fedin.

Mr. WHITLEY. Do you know what his first name is?

Mr. CARP. I couldn't tell you.

Mr. WHITLEY. He was in charge of the naval commission?

Mr. CARP. Yes.

Mr. WHITLEY. That the Russian Government sent over here?

Mr. CARP. Yes.

Mr. WHITLEY. And he conferred with you?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Regarding the specifications for the battleships?

Mr. CARP. Yes, sir.

Mr. WHITLEY. When was that commission here?

Mr. CARP. That commission was here last year up till October.

Mr. WHITLEY. All of last year up till October?

Mr. CARP. Yes.

Mr. WHITLEY. From the early part of 1938 up to October 1938?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Was that before or after you had taken the plans to Russia for approval?

Mr. CARP. That was before I left the plans.

Mr. WHITLEY. Before you left for Russia with the plans?

Mr. CARP. Yes.

Mr. WHITLEY. Did they confer also with the architects regarding the specifications?

Mr. CARP. Yes; once in a while.

Mr. WHITLEY. Once in a while?

Mr. CARP. Yes.

Mr. WHITLEY. Did they go over those plans?

Mr. CARP. No; he wouldn't show the plans to anybody.

Mr. WHITLEY. He wouldn't show them to them?

Mr. CARP. No.

Mr. WHITLEY. But he did send them over to Russia?

Mr. CARP. Yes.

Mr. WHITLEY. And show them to the naval commission over there?

Mr. CARP. Yes, sir.

The CHAIRMAN. Right at that point. Pardon me. Go ahead. That is all right.

Mr. WHITLEY. And they were here from the early part of 1938 until October 1938 conferring and consulting with respect to the specifications for these two ships?

Mr. CARP. Yes.

Mr. WHITLEY. The plans for which were being drawn by Gibbs and Cox?

Mr. CARP. Yes.

Mr. WHITLEY. Did they say anything about a fifty- or sixty-thousand ton battleship?

Mr. CARP. No, sir. Gibbs and Cox—

Mr. WHITLEY. How did that come about? Was that just the architect's idea?

Mr. CARP. I couldn't tell you. I don't know what it was.

Mr. WHITLEY. In other words, you ordered a 35,000-ton battleship?

Mr. CARP. We didn't order anything. We just told them—Gibbs is a very peculiar man, you see. I mean, he is like an artist. He likes his work.

In other words, he didn't want to take no pay. We never got any plans. He didn't want us to pay him anything. He said, "I will make something. If I like it, and then if you like it, I will sell it to you." He never took any money.

Mr. WHITLEY. He did finally accept \$150,000?

Mr. CARP. No, sir. He did not. I never told you that he accepted \$150,000.

Mr. WHITLEY. I thought in talking about the cost of those plans—

Mr. CARP. I told you that I paid him \$25,000. I said that the work that he did I thought was worth \$150,000.

Mr. WHITLEY. But you paid him \$25,000?

Mr. CARP. He did finally accept that, though; yes. So when I saw that the thing was falling through here I thought that if I could bring over the plans over there I might deliver the plans to the Government and maybe I believed I could get them to accept them.

Mr. WHITLEY. I cannot get that part. You say that Mr. Gibbs would not let the Government commission that came over here see the plans?

Mr. CARP. No.

Mr. WHITLEY. So why, then, would he send those plans all the way to Russia and let them examine them over there?

Mr. CARP. Well, I would let Mr. Gibbs answer this question.

Mr. WHITLEY. After all, you were in charge of the arrangements.

Mr. CARP. Well, I don't know. I don't know. Maybe I sold the idea to Gibbs. I told Mr. Gibbs, "The plans that you made here are no use to anybody here."

Mr. WHITLEY. You told him that before he sent them over there?

Mr. CARP. Before he sent them over.

Mr. WHITLEY. Why were they of no use, Mr. Carp?

Mr. CARP. Well, Russia does not buy them, and I don't think that anybody else would buy them; and I just told him, sold the idea.

Mr. WHITLEY. You mean the commission that came over here did not approve of them?

Mr. CARP. They never saw them.

Mr. WHITLEY. They knew generally what they covered, did they not?

Mr. CARP. Yes.

Mr. WHITLEY. That was their purpose over here, wasn't it?

Mr. CARP. Yes.

Mr. WHITLEY. But you knew in a general way what the plans covered?

Mr. CARP. Yes; but Gibbs never showed anything, you see.

Mr. WHITLEY. You mean that he didn't show them to the confidential Government men?

Mr. CARP. He never shows anything to anybody unless approved by the Navy, by the Navy Department.

Mr. WHITLEY. Did he have the Navy Department's approval for the sending of these plans to Russia?

Mr. CARP. I am pretty sure.

Mr. WHITLEY. You are pretty sure?

Mr. CARP. Oh, yes.

Mr. STARNES. Who was the head of this Navy Department?

Mr. WHITLEY. He means in this country.

Mr. CARP. I am talking about this country.

Mr. WHITLEY. I mean the naval architects, after they had drawn the plans.

Mr. CARP. They wouldn't show you any sketches or anything before they showed them to the State and Navy Departments. And when they approved them, they showed them.

Mr. WHITLEY. As I understand, Mr. Carp, because they were the naval architects doing naval drawings for the United States Government, if they had proceeded with commercial work, which they were doing in this case for you, before they can let you or anyone else see those plans, which naturally incorporate the latest naval designs known to them and to the Government, they have to get approval from the State and Navy Departments?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Before they can let their client see the plans that they drew for him?

Mr. CARP. Yes, sir.

Mr. WHITLEY. In this instance did Mr. Gibbs get the permission of the State and Navy Departments to send those plans to Russia?

Mr. CARP. I am pretty sure. I know that Mr. Gibbs wouldn't do anything that he wouldn't have a permit for.

Mr. WHITLEY. That is just speculation on your part, or do you know that he got approval?

Mr. CARP. I know he got approval.

Mr. WHITLEY. You know he got approval?

Mr. CARP. Yes.

Mr. WHITLEY. From the State Department?

Mr. CARP. Yes.

Mr. WHITLEY. And the Navy Department?

Mr. CARP. Yes.

Mr. WHITLEY. To send these plans by messenger?

Mr. CARP. Yes, sir.

Mr. WHITLEY. To send these plans to Russia?

Mr. CARP. Yes, sir.

Mr. WHITLEY. To be shown to the naval commission in Russia?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Now, getting back a minute to the plans themselves. You stated that you ordered or instructed Gibbs and Cox to draw plans for about a 35,000-ton battleship?

Mr. CARP. I didn't instruct him anything. I just told him what they wanted and what they would have to have.

Mr. WHITLEY. You told them that you wanted a 35,000-ton battleship?

Mr. CARP. Yes.

Mr. WHITLEY. That was in keeping with the instructions that you had received?

Mr. CARP. Yes, sir.

Mr. WHITLEY. From the purchasing agent in Russia?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And they turned out to be plans for a fifty- or sixty-thousand-ton battleship?

Mr. CARP. Oh, yes. Yes.

Mr. WHITLEY. Which was not in keeping with your suggestions?

Mr. CARP. No.

Mr. WHITLEY. Or ideas or instructions at all?

Mr. CARP. No.

Mr. WHITLEY. Do you know how they happened to take the liberty to just add about twenty or twenty-five thousand tons to those plans, Mr. Carp?

Mr. CARP. It is a long story. What I think, Gibbs is an architect, and he wants to make a thing. The way I understand it, afterward from Gibbs, that the way he figured it was that Russia had not a big navy, and a big battleship would be able to withstand maybe 10 battleships, or something like that. I don't know how much, but that was the idea.

Mr. WHITLEY. As a matter of fact, what Russia was after was a superbattleship, wasn't it, Mr. Carp?

Mr. CARP. Well, Gibbs made, I think, a super-superbattleship.

Mr. WHITLEY. Do you know if that is the reason the Russian Government didn't accept the plans?

Mr. CARP. I couldn't tell you. I think it would take a very big specialist to know about the things. The only thing I know that the Russians told me is that they don't approve of it. That is all.

Mr. WHITLEY. Did they say they didn't approve of it because it was too large?

Mr. CARP. I didn't go even into the details.

Mr. WHITLEY. They didn't give you or Mr. Gibbs any reason for not taking it? They just said they didn't want it? Is that correct?

Mr. CARP. That is correct.

Mr. WHITLEY. They turned it down?

Mr. CARP. Turned it down.

Mr. WHITLEY. And you came back with the messenger?

Mr. CARP. With the messenger.

Mr. WHITLEY. And turned the plans back to Mr. Gibbs?

Mr. CARP. That is right.

Mr. WHITLEY. That is correct?

Mr. CARP. Yes.

Mr. WHITLEY. Now, you said a moment ago, Mr. Carp, that you, in 1936, when you went over to make arrangements about acting as a buyer for the Russian Government, you made all of your arrangements verbally with the purchasing agent?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Did you have any conversations with any officials of the Navy Department over there regarding these battleships?

Mr. CARP. At the start; no.

Mr. WHITLEY. With the purchasing agent?

Mr. CARP. Just the purchasing agent. After awhile I had with the naval, too?

Mr. WHITLEY. With the navy officials?

Mr. CARP. Yes.

Mr. WHITLEY. Was that in this country or over there?

Mr. CARP. Over there and in this country.

Mr. WHITLEY. And in this country, both?

Mr. CARP. Both.

Mr. WHITLEY. So that when this naval commission which you described, which came over here in the early part of 1938 and stayed until October 1938, that was the only naval commission—

Mr. CARP. No; I had another one—another one after that come to see me in about February.

Mr. WHITLEY. While you were consulting with this naval commission and getting their different ideas, did you convey those ideas to Mr. Gibbs?

Mr. CARP. Yes, sir.

Mr. WHITLEY. As to what they wanted?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Or had in mind?

Mr. CARP. Yes, sir.

Mr. WHITLEY. But in spite of that the Russian Government still didn't like the ship because it was too big?

Mr. CARP. Well, Mr. Gibbs doesn't take from anybody ideas. He has got his own.

Mr. WHITLEY. Didn't the naval commission that was here know what the plans were for, for a fifty- or sixty-thousand-ton battleship?

Mr. CARP. He never told them anything. He wouldn't tell us.

Mr. WHITLEY. He never told you?

Mr. CARP. He wouldn't tell us anything. We didn't know anything about that.

MR. WHITLEY. You didn't know whether he was drawing plans for a superboat or not?

MR. CARP. No; we didn't know.

MR. WHITLEY. You didn't know?

MR. CARP. No.

MR. WHITLEY. You just knew that he was——

MR. CARP. He told me that when we get approval from the State Department, he says, we will get——

MR. WHITLEY. Did you in conversation with the naval commission here in 1938 over a period of months convey to Mr. Gibbs the ideas that they wanted to incorporate on that ship?

MR. CARP. Some of the ideas.

MR. WHITLEY. What was the purpose of the commission coming over if the architect that was drawing the plans didn't want to get the commission's ideas?

MR. CARP. The way I explained to you before. A battleship is a very complicated thing. It is not one man's business. It takes hundreds of men. I don't care who it is. Even Admiral Leahy, he don't know everything about a battleship. I couldn't explain what I wanted and I had to have men from Russia. They explained what they wanted.

MR. WHITLEY. They explained to Mr. Gibbs what the Russian Government wanted?

MR. CARP. Yes.

MR. WHITLEY. In that battleship?

MR. CARP. Yes.

MR. WHITLEY. But in spite of that the Russian Government, after getting the plans over there and looking at them, decided that it didn't want them?

MR. CARP. No; well, they didn't make what they wanted.

MR. WHITLEY. They gave no reason? They just turned them down?

MR. CARP. They turned them down, I think, on account of the——

MR. WHITLEY. The size?

MR. CARP. The size.

MR. WHITLEY. But you never knew what the size was? Mr. Gibbs wouldn't even tell you what the tonnage was?

MR. CARP. No, sir.

MR. WHITLEY. Of course, that would not come under the head of a naval secret, what the size is?

MR. CARP. He is a peculiar man. He doesn't say what it is.

MR. WHITLEY. Did you do all your business over there with Mr. Gibbs personally?

MR. CARP. I used to come in his office; yes.

MR. WHITLEY. He wouldn't even tell you what size ship he was drawing the plans for?

MR. CARP. No.

MR. WHITLEY. That would hardly come under the heading of a naval secret, would it?

MR. CARP. No; but we didn't know what he was drawing.

MR. WHITLEY. He wouldn't tell you anything about it?

MR. CARP. No, sir.

MR. WHITLEY. You didn't learn until the plans got to Russia?

MR. CARP. No; we learned after that through the papers. Something came out.

Mr. WHITLEY. You didn't even learn while you were over there what size it was?

Mr. CARP. Well, while in Russia I already did know what it was. I think it was either a fifty or sixty thousand ton. I wasn't so much interested. It would be foolish for me. I wouldn't drum on a thing that I didn't know anything about.

Mr. WHITLEY. But you were sent in charge of this thing?

Mr. CARP. Oh, no. The messenger was in charge.

Mr. WHITLEY. Who was in charge?

Mr. CARP. The messenger.

Mr. WHITLEY. I mean, you were in charge of having these plans drawn up?

Mr. CARP. I was not in charge.

Mr. WHITLEY. You were the one acting as an agent of the Russian Government in getting this work all done?

Mr. CARP. As far as this is concerned, Mr. Gibbs has got two offices. He has one on Broadway and another one, where he makes the plans, is five blocks away. He didn't let me in the other office.

Mr. WHITLEY. You didn't answer my question. I said, the fact remains that you were acting as the agent of the Russian Government in handling this deal in the United States?

Mr. CARP. Yes, sir.

Mr. WHITLEY. So you must have known something about that. You couldn't come over to carry out negotiations for the building of a superbattleship without having some idea of what was going on it?

Mr. CARP. I knew what I wanted.

Mr. WHITLEY. You knew what you wanted?

Mr. CARP. But I got another thing.

Mr. WHITLEY. You wanted a 35,000-ton battleship?

Mr. CARP. Yes.

Mr. WHITLEY. Or plans for one?

Mr. CARP. Yes.

Mr. WHITLEY. Later to be built in this country possibly?

Mr. CARP. Yes.

Mr. WHITLEY. And you got a 50,000- or 60,000-ton ship, which Russia afterward would not accept?

Mr. CARP. Yes.

The way I explained before. Gibbs does things the way he wants. He wouldn't allow—he wouldn't do anything what you wanted.

Mr. WHITLEY. In spite of the fact that you told him you wanted a 35,000-ton ship, he drew a plan for a fifty or sixty thousand-ton ship?

Mr. CARP. They told him what they wanted to put in there, and it came out to be a 50,000-ton ship. I don't know. Maybe he started with a 35,000-ton battleship.

Mr. WHITLEY. You didn't tell him in general that the Russian Government wanted the biggest and finest battleship that had ever been built?

Mr. CARP. I told him that they wanted it to be a modern battleship of about 35,000 tons.

Mr. WHITLEY. That wouldn't be the biggest, because there are others that size; but a fifty or sixty thousand-ton ship would be the largest-in-existence battleship, wouldn't it, Mr. Carp?

Mr. CARP. It would be?

Mr. WHITLEY. I am asking you. You are the man who handled all this deal.

Mr. CARP. If it would be—I didn't get your question.

Mr. WHITLEY. In other words, did you tell Mr. Gibbs that you just wanted a battleship, or did you tell him that you wanted the biggest and best battleship ever built?

Mr. CARP. No. I told him the best, but not the biggest.

Mr. WHITLEY. Not the biggest; just the best?

Mr. CARP. Yes. Modern. I told him.

Mr. WHITLEY. You stated that in addition to this one naval commission that came over there was another commission came over later?

Mr. CARP. Yes.

Mr. WHITLEY. What was that commission? What was its purpose? Who was at the head of it?

Mr. CARP. Admiral Isakoff.

Mr. WHITLEY. How many men did that first commission consist of?

Mr. CARP. In the first commission there must have been about six or seven.

Mr. WHITLEY. Six or seven? All naval authorities?

Mr. CARP. There were some that knew about engines. Some of them knew about boilers.

Mr. WHITLEY. Some knew about engines?

Mr. CARP. You must have so many men. About six.

Mr. WHITLEY. This second commission—how many men did they have then?

Mr. CARP. About seven men.

Mr. WHITLEY. About seven men?

Mr. CARP. Yes.

Mr. WHITLEY. When did they come to this country?

Mr. CARP. They came here in about February, I think.

Mr. WHITLEY. February 1939?

Mr. CARP. 1939.

Mr. WHITLEY. And that was after the plans for the battleship had been rejected?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And what was the purpose of this second commission?

Mr. CARP. They had—we thought we could sell them destroyers. Some conversations I understood—from some conversations with Mr. Gibbs I understood that he was a specialist on destroyers; and I advised afterward the Russian officials that if they couldn't get battleships, why couldn't they get destroyers; that Mr. Gibbs was a specialist in building destroyers.

And I came back here and I inquired from Gibbs if we could acquire here destroyers. Mr. Gibbs thought we could. He didn't say for sure that we could, but that he thought that the only way we can acquire them is to get from the Government the right to acquire them, and then he thought that we could. And I sent for the commission to come here, and they came here, and they did negotiate for destroyers.

Mr. MASON. The question is whether they negotiated for destroyers or for plans for destroyers?

Mr. WHITLEY. Yes. They came here in February 1939?

Mr. CARP. Yes.

Mr. WHITLEY. What was the nature of those negotiations? Were they with Mr. Gibbs?

Mr. CARP. Yes.

Mr. WHITLEY. To draw plans for destroyers?

Mr. CARP. To draw plans and build, both.

Mr. WHITLEY. Gibbs wouldn't build destroyers? He would only draw the plans?

Mr. CARP. Gibbs is the one who had to negotiate for the building, too. It is done that way. The architects get the builders.

Mr. WHITLEY. How far did those negotiations go?

Mr. CARP. We negotiated with Gibbs. Gibbs made some sketches and sent them to the State Department.

Mr. WHITLEY. Sketches for destroyers?

Mr. CARP. Sketches for destroyers; yes.

Mr. WHITLEY. And was it approved? That is, the State Department approved your turning that over to the Russian Government?

Mr. CARP. They didn't get them yet, but some sketches were approved already.

Mr. WHITLEY. Some had already been approved?

Mr. CARP. Yes.

Mr. WHITLEY. What happened to those that were approved?

Mr. CARP. They approved them with certain corrections.

Mr. WHITLEY. They approved them with what?

Mr. CARP. They approved the plans with certain corrections.

Mr. WHITLEY. With certain corrections?

Mr. CARP. Yes.

Mr. WHITLEY. Now, what happened to them?

Mr. CARP. When the corrections were made, they were sent again in the State Department, and our plans are now in the State Department.

Mr. WHITLEY. The plans for these destroyers are now in the State Department?

Mr. CARP. Yes.

Mr. WHITLEY. And they have not received final approval?

Mr. CARP. Not yet.

Mr. WHITLEY. Have any plans other than this plan for the super-battleship ever been approved by the State Department?

Mr. CARP. Except this plan for a destroyer, which was corrected.

Mr. WHITLEY. But they have not received final approval?

Mr. CARP. Not yet. In other words—

Mr. MASON. They were approved providing these corrections were made?

Mr. WHITLEY. That is right.

Mr. MASON. Now the corrections have been made and they have gone back to the Department?

Mr. CARP. The State Department.

Mr. WHITLEY. If they are finally approved, or these corrections are approved as made, then those plans will be turned over to the Russian Government; is that true?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Will it be necessary in this instance to send those plans to Russia by a special messenger?

Mr. CARP. I don't think so.

Mr. WHITLEY. Why was that necessary in the first instance?

Mr. CARP. In the first instance it was a smaller thing, and this we agreed already would be what they wanted. The destroyers are not as big as battleships; much less involvement.

Mr. WHITLEY. So you don't think that the destroyer plans will be sufficiently important to send them to Russia for final approval of the naval commission?

Mr. CARP. No. They could give out the order. I have the order here to give out the order tomorrow if we will get——

Mr. WHITLEY. To accept the plans and give out the order?

Mr. CARP. The order for building.

Mr. WHITLEY. Do they still plan to build those destroyers in this country?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Who is going to do the actual construction work?

Mr. CARP. Well, as far as I think, maybe the Bath Iron Works.

Mr. WHITLEY. What was that?

Mr. CARP. Bath. We talked to them. We don't know if they will build them.

Mr. WHITLEY. They haven't seen the plans yet, have they?

Mr. CARP. No; no.

Mr. WHITLEY. You haven't seen the plans?

Mr. CARP. No.

Mr. WHITLEY. And the Russian Government has not seen the plans?

Mr. CARP. No.

Mr. WHITLEY. But you are sure that these are going to be accepted?

Mr. CARP. Yes.

Mr. WHITLEY. And the Russian Government had already approved the plans when they came to the State Department?

Mr. CARP. Yes; in other words, we told them it has got to be a certain speed and a certain everything. These destroyers are without guns and without fire control. The approval will be received without guns and without fire control.

Mr. WHITLEY. Have you made any provisions for them?

Mr. CARP. No; Russia will put on their own guns.

Mr. WHITLEY. Will put on their own guns?

Mr. CARP. Their own guns.

Mr. WHITLEY. Did you make plans for putting guns on this super-battleship?

Mr. CARP. Well, there was no battleship. There wasn't any approval come out.

Mr. WHITLEY. As a matter of fact, didn't you go so far as to negotiate with the Navy Department to see if they would build the guns?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Sixteen-inch guns?

Mr. CARP. Yes, sir.

Mr. WHITLEY. How many 16-inch guns were to be on this super-battleship?

Mr. CARP. Oh, I think about nine. I don't know. I couldn't tell you myself.

Mr. WHITLEY. You were handling this thing. I think that you should admit that you would know, if anybody would know.

Mr. CARP. About nine guns.

Mr. WHITLEY. Nine guns? Sixteen-inch guns?

Mr. CARP. Yes.

Mr. WHITLEY. Whom did you negotiate with with reference to building those guns to go on the battleship?

Mr. CARP. I did negotiate with a lot of them, but everybody refused.

Mr. WHITLEY. Who, for instance? Answer the question.

Mr. CARP. I spoke to the Bethlehem and the Midland.

Mr. WHITLEY. They don't make 16-inch guns, do they, at the Bethlehem Steel Co.?

Mr. CARP. They don't make them now.

Mr. WHITLEY. They don't make them now?

Mr. CARP. They used to.

Mr. WHITLEY. Whom did you negotiate with? As a matter of fact, the Navy Department itself is the only organization in this country at the present time that makes 16-inch guns, isn't it?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Did you negotiate with the Navy Department?

Mr. CARP. I didn't negotiate. They refused me right away. They said they haven't got enough for themselves. There was no negotiation.

Mr. WHITLEY. You did approach them with your negotiations?

Mr. CARP. Yes. I asked them about it. They said they haven't got enough for themselves; that they wished that private industry would start up on it. In fact, they told me that if I would negotiate with private industry, they would take the benefit of it, and that the privates could do it for them, too.

Mr. WHITLEY. Did Mr. Gibbs draw any other plans for the Russian Government besides for the battleship and the destroyers?

Mr. CARP. No, sir.

Mr. WHITLEY. You say that although the State Department has not as yet finally approved the plans with the suggested corrections, that the Russian Government insofar as the destroyers are concerned, has already accepted the plans?

Mr. CARP. Yes, sir.

Mr. WHITLEY. They have not seen them?

Mr. CARP. They have not seen them.

Mr. WHITLEY. But they have accepted them?

Mr. CARP. They have accepted them at a certain speed, that speed to be guaranteed.

Mr. WHITLEY. They are not nearly as careful about those plans as they were about the battleship plans?

Mr. CARP. No, sir. Not so complicated.

Mr. WHITLEY. The battleship plans were sent to Russia by a messenger by Gibbs?

Mr. CARP. Yes.

Mr. WHITLEY. With the approval of the State Department?

Mr. CARP. Yes.

Mr. WHITLEY. And there they were examined and gone over? And they were finally turned down?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And you say that Russia is presently building her own battleships?

Mr. CARP. What?

Mr. WHITLEY. You say that Russia is presently building her own battleships?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Now, were there any other commissions over here with reference to ships other than the two you have named?

Mr. CARP. No.

Mr. WHITLEY. Mr. Carp, why was it necessary insofar as the battleship plans are concerned to send them to Russia to be examined by a naval commission when they had a naval commission in this country for 10 months prior to that time?

Mr. CARP. The way I explained to you before, that my plan fell through.

Mr. WHITLEY. What plan?

Mr. CARP. My plan for getting that built here. The battleship fell through. The commission left. Gibbs didn't want to show them enough of this battleship that he made. It wasn't approved here.

Mr. WHITLEY. He didn't want to show the commission here enough?

Mr. CARP. No.

Mr. WHITLEY. To get the approval of the commission from the Russian Government?

Mr. CARP. He didn't want to while that battleship was not approved even by the State Department.

Mr. WHITLEY. The State Department had not approved the plans?

Mr. CARP. No, sir.

Mr. WHITLEY. I mean, they did not approve showing them to anyone?

Mr. CARP. No, sir.

Mr. WHITLEY. Then how did they send the plans all the way to Russia?

Mr. CARP. For the object of selling them the plans.

Mr. WHITLEY. They had to show them the plans before they could sell them?

Mr. CARP. They wouldn't build here. The State Department would not allow them to build here a 50,000-ton battleship.

Mr. WHITLEY. But the State Department did approve Gibbs & Cox sending those plans to Russia?

Mr. CARP. Yes, sir.

Mr. WHITLEY. But they would not approve Gibbs & Cox showing those plans to the commission in this country?

Mr. CARP. No. I would say this: They disapproved the building of a battleship here of 50,000 tons.

Mr. WHITLEY. In any event, before those plans could be cleared or turned over or shown to you or any other individual or government, you had to get the approval of the State Department, did you not?

Mr. CARP. Yes.

Mr. WHITLEY. For the simple reason that Gibbs & Cox do architectural work for the United States Government?

Mr. CARP. I suppose so.

Mr. WHITLEY. And they don't want their architects to incorporate confidential naval secrets in plans that are sold to private individuals or governments? Isn't that the reason?

Mr. CARP. Yes.

Mr. WHITLEY. And the reason that they require that is that they approve plans for other individuals or governments before they are turned over by the architects?

Mr. CARP. Yes.

Mr. WHITLEY. And in this instance they did approve those plans being sent to Russia?

Mr. CARP. Yes.

Mr. WHITLEY. To be examined?

Mr. CARP. Yes.

Mr. WHITLEY. Is that correct?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Now, in addition to the two plans that you have referred to, that is, the battleship and the destroyers, have you negotiated with Gibbs & Cox to draw any plans for any other naval vessels?

Mr. CARP. No, sir.

Mr. WHITLEY. Of any kind?

Mr. CARP. No, sir.

Mr. WHITLEY. Just those two?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And you are now awaiting clearance from the State Department on the destroyers?

Mr. CARP. Yes.

Mr. WHITLEY. Then you are going to work to have those built in this country?

Mr. CARP. Yes.

Mr. WHITLEY. You have received final approval from the Russian Government on the destroyer plans?

Mr. CARP. Yes.

Mr. WHITLEY. Although they have never seen them?

Mr. CARP. We received the final approval of building here destroyers.

Mr. WHITLEY. You cannot build them until the plans are approved?

Mr. CARP. Absolutely. The plans. But the plans for the destroyer are so different from battleships that in conversation we can tell them something that covers all that they want.

Mr. WHITLEY. You mean that Mr. Gibbs, as far as the destroyers are concerned, he did tell you something about the destroyers?

Mr. CARP. Yes. He told us such a speed and such—

Mr. WHITLEY. Did he tell you what size they would be?

Mr. CARP. Yes.

Mr. WHITLEY. He told you that?

Mr. CARP. Yes.

Mr. WHITLEY. But he wouldn't tell you that so far as the battleships were concerned?

Mr. CARP. No.

Mr. WHITLEY. That is the reason that when you got through you found out you had a 50- or 60-thousand-ton battleship and not a 35,000-ton battleship—he wouldn't tell you what size ship he was drawing the plans for?

Mr. CARP. No, sir.

Mr. WHITLEY. Or anything about it?

Mr. CARP. No, sir.

Mr. WHITLEY. But he has told you on the destroyers, about the destroyers?

Mr. CARP. Yes, sir.

Mr. WHITLEY. As to what size they would be?

Mr. CARP. Yes.

Mr. WHITLEY. And the speed?

Mr. CARP. Yes, sir.

Mr. WHITLEY. In other words, he is not consistent in his attitude? In one instance he won't even tell you what size ship he draws plans for, and in the other he told you enough about it so that the Russian Government can approve it without seeing the plans?

Mr. CARP. Yes.

Mr. MASON. Mr. Counsel, that is speculative. Mr. Gibbs has been in the business of preparing plans and supervising the building of destroyers; and the order was for destroyers of a certain size and speed, and so forth, which he had been in the habit of building.

Now, for this superbattleship, that is a new thing for Mr. Gibbs. He said he didn't know whether he could draw those plans, but he would take his time, and finally he did, and the plans that he had in mind were for a big super 50,000-ton ship, which he kept secret, because it was a new thing, and he wasn't going to give any of those secrets out to anyone. I imagine that that is the explanation.

Mr. CARP. I wouldn't say that. I couldn't explain.

Mr. WHITLEY. The thing that I was particularly interested in, Mr. Mason, was the fact that after ordering plans for a 35,000-ton battleship, Mr. Gibbs, without any authority from Mr. Carp or any of the commissions that came over here to confer with him regarding these plans, turns up with a fifty- or sixty-thousand-ton ship.

Mr. CARP. May I correct you on this, please? I want you to understand me.

Mr. WHITLEY. Yes.

Mr. CARP. Mr. Gibbs never took an order for the battleship. He would not.

Mr. WHITLEY. Still he would draw the plans?

Mr. CARP. He said he had drawn plans for himself; not for us. He never took from us a nickel.

Mr. WHITLEY. You paid him for it, didn't you?

Mr. CARP. What was that?

Mr. WHITLEY. You paid him for it, didn't you?

Mr. CARP. No; the only time I paid him was when I wanted to show the plans to Russia. I paid him then for showing the plans, not for buying his plans. In other words, the expenses of the messenger and everything else. But Mr. Gibbs—

Mr. WHITLEY. Who was the messenger that he sent over there?

Mr. CARP. Built this for himself.

Mr. WHITLEY. He drew them for himself?

Mr. CARP. Yes.

The CHAIRMAN. In other words, you went to Gibbs and you had an order for two 35,000-ton battleships?

Mr. CARP. Yes, sir.

The CHAIRMAN. You were instructed or you were authorized to secure plans for two battleships?

Mr. CARP. Yes.

The CHAIRMAN. In the United States?

Mr. CARP. Yes.

The CHAIRMAN. That authority came from the Russian Government?

Mr. CARP. Yes.

The CHAIRMAN. You came back and contacted Mr. Gibbs?

Mr. CARP. Yes.

The CHAIRMAN. Is that right?

Mr. CARP. Yes.

The CHAIRMAN. You told Mr. Gibbs that you wanted two battleships?

Mr. CARP. Yes.

The CHAIRMAN. 35,000-ton battleships?

Mr. CARP. Yes.

The CHAIRMAN. Mr. Gibbs told you that he would see about it; he didn't know whether he would let you have them or not?

Mr. CARP. He said that he never built a battleship. He never made plans for a battleship.

The CHAIRMAN. But that he would study about it?

Mr. CARP. He would study about it and let us know.

The CHAIRMAN. That was in 1934?

Mr. WHITLEY. In 1936.

The CHAIRMAN. In 1936, I mean. In 1936?

Mr. CARP. I don't know whether it was 1936 or 1937 already. Maybe it was in 1937.

The CHAIRMAN. It was 1936 or 1937?

Mr. CARP. Yes; 1936 or 1937.

The CHAIRMAN. How long after that was it that he told you that he had plans for these battleships?

Mr. CARP. That was after we talked to him about 8 or 10 months later.

The CHAIRMAN. About 8 or 10 months later?

Mr. CARP. Yes.

The CHAIRMAN. You didn't see him during that time?

Mr. CARP. Yes; we used to see him.

The CHAIRMAN. You talked to him from time to time?

Mr. CARP. We talked to him from time to time.

The CHAIRMAN. And asked him how the plans were getting along?

Mr. CARP. He wouldn't tell us anything. He was just inquiring from the commission, what commission we had.

The CHAIRMAN. The commission was here at that time?

Mr. CARP. Yes. He used to ask what kind of guns they wanted and what kind of armament. But he wouldn't tell them a thing.

The CHAIRMAN. In other words, in the 8 or 10 months before he finally completed the plans he merely got information from the——

Mr. CARP. From them.

The CHAIRMAN. From the naval commission?

Mr. CARP. Yes. From the naval commission.

The CHAIRMAN. With reference to the details of the kind of ship that they wanted?

Mr. CARP. What kind of a ship they wanted.

The CHAIRMAN. Is that right?

Mr. CARP. Yes.

The CHAIRMAN. The kind of ship they wanted?

Mr. CARP. Yes.

The CHAIRMAN. But he himself would not tell them anything?

Mr. CARP. No, sir.

The CHAIRMAN. Did they ask him anything?

Mr. CARP. They asked him. He does not talk.

The CHAIRMAN. Did they ask him what size battleship he was drawing plans for?

Mr. CARP. He wouldn't say.

The CHAIRMAN. Did they tell him they didn't want but a 35,000-ton ship?

Mr. CARP. He told them that the things that they wanted to make they can never put in a 35,000-ton battleship. He used to tell them——

The CHAIRMAN. He told them it would have to be a bigger battleship?

Mr. CARP. Yes. He told them it wasn't possible to put them in. He always used to take a glass of water and he said, "Half of it is milk and half is whisky and half—you can put in just that much in the cup and you can't put in any more." He used to always do that. "You can't put in any more. If you put in all these things, the battleship will be a big battleship."

The CHAIRMAN. He told them that many times during the 8 or 9 months?

Mr. CARP. Yes.

The CHAIRMAN. They being there, they evidently knew he was building a larger ship than a 35,000-ton ship?

Mr. CARP. No. In other words, the specialist that was here—it is not only Russians, but every one of them in building a battleship—the gunner wanted the whole battleship to be for guns. We found out this afterward, later. The hospitalization wanted half of the battleship for its hospitalization. The fire control wants all the battleship for fire control. It seems that there is disagreement between all the specialists. Every one wants most what he is interested in in the battleship.

The CHAIRMAN. Then they knew from what you have just testified, they knew that they were wanting him to make plans for a bigger battleship than 35,000 tons?

Mr. CARP. No. They told him that they wanted a 35,000-ton battleship.

The CHAIRMAN. You say he told them, "You cannot do this."

Mr. CARP. It seems that each one of them told him that he wanted it so and so.

The CHAIRMAN. And he told them that they couldn't have it?

Mr. CARP. Yes.

The CHAIRMAN. For 35,000 tons; is that right?

Mr. CARP. That is correct.

The CHAIRMAN. He told them that at all times?

Mr. CARP. Yes.

The CHAIRMAN. But they kept insisting that he confine it to 35,000 tons?

Mr. CARP. Yes.

The CHAIRMAN. And finally he got through with the plans, and he told you that he had got the plans drawn?

Mr. CARP. Yes.

The CHAIRMAN. Is that right?

Mr. CARP. Yes.

The CHAIRMAN. But he wouldn't let you see them?

Mr. CARP. Yes. He said he couldn't tell us until—he said he wouldn't tell us until he could get it built.

The CHAIRMAN. He told you that?

Mr. CARP. He told me this. "I wouldn't build this battleship in this country. It is too big size, too big; and they wouldn't permit it to be built here." And for that reason he wouldn't show us the plans.

And then the whole thing falied through. The commission left here. I felt that I had put in a lot of work and a lot of effort, and that if I went to Russia afterward and asked them this question after my commission left about 3 or 4 weeks later, I put it up to Gibbs to let us show the plans to Russia, and maybe they will buy the plans and put it into work; that maybe the Russians will build their battleships on his plans; and he sent his plans.

Mr. STARNES. How long would it take to build a battleship of that type?

Mr. CARP. Four to five years.

Mr. WHITLEY. Who was the messenger who took those plans over from Mr. Gibbs?

Mr. CARP. Must I tell his name?

Mr. WHITLEY. Yes. He wasn't any secret, was he?

Mr. CARP. There is no secret about it, but I don't like to involve his name here. You can go to the State Department and find out.

Mr. WHITLEY. I don't see, if we can find out, why you object to telling us who the messenger was.

Mr. CARP. There is no objection to it. The fellow is a very fine fellow. Captain Joyce.

Mr. WHITLEY. Captain Joyce?

Mr. CARP. Yes.

Mr. WHITLEY. Joyce?

Mr. CARP. Will you please spell it, Mr. Wolf?

Mr. WOLF. Yes.

Mr. WHITLEY. Do you know what his initials are?

Mr. CARP. No.

Mr. WHITLEY. Is he a captain in the Navy?

Mr. CARP. Yes; retired.

Mr. WHITLEY. A retired captain in the Navy?

Mr. CARP. Yes.

Mr. WHITLEY. Had he been working on those things for you?

Mr. CARP. He doesn't work for me. No, sir. He works, I think, to my information, for the Naval Intelligence, as far as I know.

Mr. WHITLEY. Who picked him as messenger to carry the plans over to Russia?

Mr. CARP. I don't know. I didn't pick him.

Mr. WHITLEY. You didn't pick him?

Mr. CARP. Gibbs did.

Mr. WHITLEY. Gibbs picked him, as far as you know? Gibbs picked him?

Mr. CARP. As far as I know. He is a great specialist on these things. In other words, Gibbs would have to send a half dozen men to explain the plans. Joyce is the only man who knows everything about a battleship.

Mr. WHITLEY. Did you pay him?

Mr. CARP (speaking to the newspaper photographers). You had better save your money. I am just a small man. Why do you want to take me?

Mr. WHITLEY. Did you pay Mr. Joyce?

Mr. CARP. I don't amount to a whole lot.

Mr. WHITLEY. Mr. Carp, did you ever pay Mr. Joyce, Captain Joyce?

Mr. CARP. I didn't pay him anything—

Mr. WHITLEY. Who paid his expenses?

Mr. CARP. I paid his expenses.

Mr. WHITLEY. You paid his expenses?

Mr. CARP. Yes. We paid the expenses.

Mr. WHITLEY. When you say that you paid him, you mean the Russian Government?

Mr. CARP. Well, I paid them.

Mr. WHITLEY. You didn't pay them out of your pocket?

Mr. CARP. Yes. I paid all the costs. It was my check for everything, ticket and everything.

Mr. WHITLEY. It was a check from your private money?

Mr. CARP. No. From the Carp Export & Import Co.

Mr. WHITLEY. That was funds furnished you by the Soviet Government?

Mr. CARP. Yes.

Mr. WHITLEY. Did you just pay him his expenses or did you pay him anything for his time?

Mr. CARP. Not for his time; no.

Mr. WHITLEY. Nothing at all?

Mr. CARP. He did not pay the expenses. We bought the tickets and everything, and I paid the costs. He would give us the bill and we paid it.

Mr. WHITLEY. How many destroyers did Mr. Gibbs draw plans for?

Mr. CARP. I had started out for two kinds of destroyers, but after we decided only on 1,600 tons.

Mr. WHITLEY. 1,600?

Mr. CARP. That was the first. The second was 1,800. That was as a leader, they called it.

Mr. WHITLEY. The one that was approved by the State Department was for 1,600?

Mr. CARP. For 1,600 tons.

Mr. WHITLEY. A destroyer?

Mr. CARP. Yes.

Mr. WHITLEY. And as soon as those plans got clearance from the State Department you had the approval of the Russian Government to go ahead with them?

Mr. CARP. That is the way it was.

Mr. WHITLEY. And contract to have those built in this country?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Now, in other words, the important thing in this whole project that you were undertaking, Mr. Carp, was first to get the plans drawn and then to get the State Department's clearance for those plans?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Because if you could not get State Department clearance, they would not be worth anything? You couldn't get them, could you?

Mr. CARP. At the start I thought we could go in and buy a battleship the same way that you can buy a tomato. I didn't know even that. After a while I found out.

Mr. WHITLEY. In other words, they didn't take you for this project because you were related to Molotov?

Mr. CARP. No, sir. I sold them the idea to order them here.

Mr. WHITLEY. But the important thing, the big idea always, that you had to bear in mind was to get the State Department clearance for those plans?

Mr. CARP. Absolutely. State and Navy. Both the State and Navy Departments.

Mr. WHITLEY. If you couldn't get them, you couldn't even get them, you couldn't even get your plans out?

Mr. CARP. No, sir.

Mr. WHITLEY. Mr. Carp, did you bring your books of account with you?

Mr. CARP. Yes, sir.

Mr. WHITLEY. May I see them so that I can put them in evidence?

Mr. CARP. Yes [handing books to Mr. Whitley].

Mr. WOLF. What do you want them in evidence for?

Mr. WHITLEY. I want to introduce his original books of account in evidence so that I can refer to them, Mr. Chairman, in questioning Mr. Carp. They will be returned to him after they have been used in that manner.

Mr. WOLF. I don't see any necessity in that. He has, with our permission, made copies of these.

Mr. WHITLEY. We have taken certain things from the books of account, Mr. Chairman, but I should think that Mr. Carp and Mr. Wolf would prefer for me to refer to the original records themselves rather than to my notes.

Mr. WOLF. Mr. Chairman, there isn't any objection to the books being checked and examined to their hearts' content by counsel, but there is objection to leaving them here or being put in evidence, because they contain matters of ordinary business nature which is not intended for the public eye or for the public or for anybody else other than ourselves.

Mr. WHITLEY. I didn't contemplate putting them in evidence and keeping them in the record permanently. I merely wanted to have them identified so that I could refer to them. I don't mean to keep the records here.

The CHAIRMAN. He just wants to use them to ask questions.

Mr. WOLF. I will give him freedom to look at them at his heart's content. There would be no objection to him seeing anything. He has made copious notes. But we object to having these things offered in evidence to be made public regarding our private business.

Mr. WHITLEY. I will merely ask Mr. Carp to identify those books for the record, and I will refer to them in questioning him.

Mr. WOLF. No objection to that.

Mr. WHITLEY. And then give the books back to Mr. Wolf.

Mr. WOLF. No objection to that.

Mr. WHITLEY. Mr. Carp, do these represent the books of account of the Carp Export & Import Corporation?

Mr. CARP. Yes.

Mr. WHITLEY. And this [indicating] represents the check book?

Mr. CARP. Yes, sir.

Mr. WHITLEY. That is the current check book?

Mr. CARP. Yes, sir.

Mr. WHITLEY. For the concern?

Mr. CARP. Yes.

Mr. WHITLEY. Mr. Carp, during the period that the Carp Export & Import Corporation has been in existence do you know what the total receipts, the total amount of moneys, received from the Soviet Government have been?

Mr. CARP. I couldn't tell you without the books.

Mr. WHITLEY. You couldn't tell me without the books?

Mr. CARP. No.

Mr. WHITLEY. Have you received moneys from any source other than the Soviet Government?

Mr. CARP. No, sir.

Mr. WHITLEY. In other words, you have been operating exclusively as an agent—

Mr. CARP. Exclusively—

Mr. WHITLEY. For the Soviet Government?

Mr. CARP. Yes.

Mr. WHITLEY. Right down to the present time?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Have you ever registered with the State Department as an agent of a foreign principal, Mr. Carp?

Mr. CARP. No, sir.

Mr. WHITLEY. You have not?

Mr. CARP. No, sir. I don't have to. I am not an agent of Russia. I do business for myself. You may make it as an agent, but I am not. The CHAIRMAN. Just answer his questions.

Mr. WHITLEY. You are not operating for anyone else?

Mr. CARP. I am operating for myself, for my profit; and I sell most my—I am buying for the Russian Government, but I am not an agent of Russia.

Mr. WHITLEY. You are not an agent?

Mr. CARP. No.

Mr. WHITLEY. You are not designated as their agent, purchasing agent, purchasing agent in this country?

Mr. CARP. No, sir.

Mr. WHITLEY. What was the arrangement, then?

Mr. CARP. I just simply take orders from them to purchase for them. But I am not—

Mr. WHITLEY. They tell you what they want to purchase? You get their orders and you purchase them for them?

Mr. CARP. Yes.

Mr. WHITLEY. And you say that that does not constitute you an agent?

Mr. CARP. No.

Mr. WHITLEY. For the Russian Government?

Mr. CARP. No, sir. They have their agents here. I am not one of their agents.

Mr. WHITLEY. That is a matter for judicial decision, Mr. Carp.

Mr. CARP. Well——

Mr. WHITLEY. Mr. Carp, I want to refer to your original books of records, to certain items representing receipts and disbursements, and get you to explain those to the committee.

Mr. CARP. Yes, sir.

Mr. WHITLEY. The first item under receipts is July 14, 1936, "From U. S. S. R." That is the United States of Soviet Russia, I presume?

Mr. CARP. Yes.

Mr. WHITLEY. "Cash received, \$2,500."

Mr. CARP. Yes, sir.

Mr. WHITLEY. Is that the first item of money that you received?

Mr. CARP. Yes, sir.

Mr. WHITLEY. From the Government?

Mr. CARP. Yes.

Mr. WHITLEY. How was that money transmitted to you, Mr. Carp?

Mr. CARP. I think it was transmitted to me through Mr. Rosoff.

Mr. WHITLEY. That is the purchasing agent for the Government?

Mr. CARP. Purchasing agent for the Government. Yes.

Mr. WHITLEY. Did he send it to you direct from Russia?

Mr. CARP. No. Mr. Rosoff was here in the meantime. He gave me that money.

Mr. WHITLEY. You mean the head, the chief purchasing agent for the Russian Government with whom you made your arrangements——

Mr. CARP. Yes. With the Amtorg.

Mr. WHITLEY. To function as the purchasing agent in this country——

Mr. CARP. Yes.

Mr. WHITLEY. Was connected with the Amtorg?

Mr. CARP. He is buying for the Amtorg.

Mr. WHITLEY. Was he in Russia or in the United States?

Mr. CARP. Rosoff was here in the United States.

Mr. WHITLEY. He was here in the United States?

Mr. CARP. Yes.

Mr. WHITLEY. The principal purchasing agent for the entire Soviet Government was here in the United States?

Mr. CARP. No. Rosoff was the man who was in the United States.

Mr. WHITLEY. The head of the——

Mr. CARP. I think you are getting mistaken. You are getting Rosoff and Rosengoltz mixed up.

Mr. WHITLEY. I have confused Mr. Rosoff and Mr. Rosenglotz' names.

Mr. CARP. Rosoff.

Mr. WHITLEY. How do you spell it?

Mr. CARP. R-o-s-o-f-f.

Mr. WHITLEY. And he was the head of the Amtorg?

Mr. CARP. No. He was vice president at that time for the Amtorg.

Mr. WHITLEY. Vice president of the Amtorg?

Mr. CARP. Yes.

Mr. WHITLEY. That is the Russian trading agency in the United States?

Mr. CARP. Yes, sir.

Mr. WHITLEY. When you needed money to make purchases you would get in touch with him?

Mr. CARP. I used to get it from Rosoff. Yes, sir.

Mr. WHITLEY. You would tell him how much you needed?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And then he would give you the money?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Did he give it to you in cash or by check?

Mr. CARP. Sometimes check and sometimes cash.

Mr. WHITLEY. Some checks and some cash?

Mr. CARP. Yes.

Mr. WHITLEY. Then you would deposit it to your account?

Mr. CARP. Yes.

Mr. WHITLEY. In the Manufacturers Trust Co.?

Mr. CARP. Yes.

Mr. WHITLEY. And draw checks on that for necessary disbursements?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Was that the procedure followed in every instance?

Mr. CARP. Not in every instance.

Mr. WHITLEY. What other procedures were there?

Mr. CARP. I had some money that I brought down from Russia here.

Mr. WHITLEY. Some that you brought from Russia?

Mr. CARP. Yes.

Mr. WHITLEY. What amounts did you bring back from Russia yourself?

Mr. CARP. Oh, an amount of about \$100,000.

Mr. WHITLEY. One hundred thousand dollars? Was that on your first trip or—

Mr. CARP. On the first and the second.

Mr. WHITLEY. Was that money brought in cash?

Mr. CARP. In cash.

Mr. WHITLEY. Who was that money given to you by? Who gave you that money in Russia?

Mr. CARP. Rosengoltz.

Mr. WHITLEY. Rosengoltz? I think that name has been spelled.

Mr. CARP. Rosengoltz.

Mr. WHITLEY. So in 1936, when you first made your arrangement, he gave you about \$100,000?

Mr. CARP. No. He gave me at that time about fifty thousand.

Mr. WHITLEY. And you brought that back?

Mr. CARP. Yes.

Mr. WHITLEY. Where did you deposit that money, Mr. Carp?

Mr. CARP. I didn't deposit that money.

Mr. WHITLEY. What did you do with it?

Mr. CARP. I held it.

Mr. WHITLEY. You didn't carry it around in your pocket?

Mr. CARP. Not in my pocket. I put it in my safe.

Mr. WHITLEY. You put it in your safe? In your office or in New York?

Mr. CARP. No. In my safe at home.

Mr. WHITLEY. In your safe at home. Your home in Bridgeport?

Mr. CARP. Yes.

Mr. WHITLEY. Then when you needed money to make purchases, would you go to the safe and get some of this out and put it in your bank account?

Mr. CARP. Yes. Sometimes I would put it in the bank account and sometimes I would pay in cash.

Mr. WHITLEY. Some of it you just paid out in cash and some of it you would put in your bank account?

Mr. CARP. Yes.

Mr. WHITLEY. He gave it to you in American currency, did he not?

Mr. CARP. Oh, yes.

Mr. WHITLEY. In American currency?

Mr. CARP. You would not take rubles here, would you?

Mr. WHITLEY. When was your first trip to Russia, Mr. Carp?

Mr. CARP. I think in 1926.

Mr. WHITLEY. In 1926?

Mr. CARP. Yes.

Mr. WHITLEY. How many trips have you made to Russia since then?

Mr. CARP. About a dozen trips.

Mr. WHITLEY. Have you made at least one every year?

Mr. CARP. Yes.

Mr. WHITLEY. At least one every year since 1926?

Mr. CARP. Yes.

Mr. WHITLEY. Have you made more than one in any year since 1926?

Mr. CARP. I think in 1938 I made two trips.

Mr. WHITLEY. In 1938 two?

Mr. CARP. Yes. In 1938 I made two trips.

Mr. WHITLEY. And the other times, the other years from 1926 to the present you just made only one a year?

Mr. CARP. Yes.

Mr. WHITLEY. And did you bring money back with you on the occasion of each trip?

Mr. CARP. Not on each trip. Any time I needed it I used to bring it.

Mr. WHITLEY. When was the first trip that you brought money back?

Mr. CARP. The first I brought money was in 1926.

Mr. WOLF. 1926?

Mr. CARP. No, 1936.

Mr. WHITLEY. You mean that your first trip to Russia was in 1926 or 1936?

Mr. CARP. 1926. You asked me when my first trip was?

Mr. WHITLEY. Yes.

Mr. CARP. 1926.

Mr. WHITLEY. You have made at least one every year since then?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And in 1938 you went there twice?

Mr. CARP. Yes.

Mr. WHITLEY. The first trip that you brought money back with you was in what year?

Mr. CARP. In 1936.

Mr. WHITLEY. And you say that Rozengoltz gave you that year—

Mr. CARP. \$50,000.

Mr. WHITLEY. \$50,000 in American currency?

Mr. CARP. Yes.

Mr. WHITLEY. And you brought that back and put it in your safe in your home at Bridgeport?

Mr. CARP. Yes.

Mr. WHITLEY. And then as expenses would come up you would pay some of that out in cash?

Mr. CARP. Yes.

Mr. WHITLEY. When was the next trip to Russia on which you brought cash back?

Mr. CARP. That was in 1938.

Mr. WHITLEY. When did you make the next trip?

Mr. CARP. I think the next trip was in 1938.

Mr. WHITLEY. You were there in 1937, were you not?

Mr. CARP. I think I was there in 1937.

Mr. WHITLEY. But you don't think you brought any money back?

Mr. CARP. No. I think I brought money in 1938.

Mr. WHITLEY. In 1938 you brought some more cash back?

Mr. CARP. Yes.

Mr. WHITLEY. How much did you bring that time?

Mr. CARP. \$50,000 more.

Mr. WHITLEY. \$50,000 more. Did that represent a personal payment to you for services rendered?

Mr. CARP. No. It was for my expenses and for my personal services and for everything I would need.

Mr. WHITLEY. In other words, some of it went into the business?

Mr. CARP. All of it went into the business.

Mr. WHITLEY. Did you pay that out through your bank account or otherwise?

Mr. CARP. Cash.

Mr. WHITLEY. You just paid it out in cash?

Mr. CARP. Cash; yes.

Mr. WHITLEY. Did you hold that in the same manner—you took it to your home and put it in your safe?

Mr. CARP. No; I think I kept that in New York in a safe-deposit box in New York.

Mr. WHITLEY. You put it in a safe-deposit box?

Mr. CARP. Yes.

Mr. WHITLEY. What bank?

Mr. CARP. The Chase National Bank.

Mr. WHITLEY. What branch?

Mr. CARP. Fifth Avenue and Twenty-sixth Street.

Mr. WHITLEY. You put this \$50,000 that you brought back in 1938 in a safe-deposit box?

Mr. CARP. Yes.

Mr. WHITLEY. And then when you would need funds to carry on the business you would go and get it out?

Mr. CARP. Yes.

Mr. WHITLEY. Please answer. Don't just nod your head. The reporter can't hear you nodding your head.

Mr. CARP. I am sorry.

The CHAIRMAN. He said "yes," as I understood him, to your question.

Mr. WHITLEY. Now, are those the only two trips to Russia on which you brought back cash?

Mr. CARP. Yes, sir.

Mr. WHITLEY. One in 1936 and one in 1938?

Mr. CARP. Yes.

Mr. WHITLEY. And the rest of the time, when you needed money, you got in touch with the Amtorg?

Mr. CARP. Yes. With Mr. Rosoff.

Mr. WHITLEY. And told him how much you needed?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Did you have to explain to him what you needed it for?

Mr. CARP. Yes.

Mr. WHITLEY. Or did he just give it to you?

Mr. CARP. No. I had to explain what I needed it for.

Mr. WHITLEY. Did he ever fail to approve of the need?

Mr. CARP. Well, I don't think he ever did.

Mr. WHITLEY. He always turned over the amount that you asked for?

Mr. CARP. Yes. It was proven over, and he brought me what I needed for it.

Mr. WHITLEY. Sometimes he turned it over in cash and sometimes by check?

Mr. CARP. Mostly by check.

Mr. WHITLEY. Did you put all the funds that you obtained from him in the safe-deposit box?

Mr. CARP. No, sir.

Mr. WHITLEY. That always went into the account?

Mr. CARP. Into the account.

Mr. WHITLEY. To what extent were you authorized to draw funds from the Amtorg, Mr. Carp?

Mr. CARP. For what I needed. For what I needed to meet the purchases.

Mr. WHITLEY. Was there any limitation at all?

Mr. CARP. No. On every item that I bought. For instance, we would have a bill for buying, we will say, things for \$50,000. We would get \$50,000 from the Amtorg.

Mr. WHITLEY. What I mean, Mr. Carp, is this: Was there any limit on the amount that you could draw? What if you had bought something for a hundred million dollars? What then?

Mr. CARP. They would have to go—I don't know what they would need that for. But that would be deposited in the Chase National Bank, and we would have the hundred million dollars to buy with.

Mr. WHITLEY. In other words, there was no limit to the expenditures?

Mr. CARP. If they would do the purchasing, sure, there was no limit.

Mr. WHITLEY. No limit?

Mr. CARP. According to the purchase.

Mr. WHITLEY. You never at any time, other than the cash that you brought back, received funds direct from the Soviet Government?

Mr. CARP. No, sir.

Mr. WHITLEY. The funds you either brought back or else they came from the Amtorg?

Mr. CARP. From Mr. Rosoff.

Mr. MASON. When he bought things here, he bought them for the Soviet Government?

Mr. CARP. Yes.

Mr. MASON. You received money from the Amtorg as an agent for the Soviet Government? Isn't that so?

Mr. CARP. Yes, sir.

The CHAIRMAN. And he testified, as I understood it, that sometimes the Amtorg gave the money in cash, but most of the times in a check. Is that right?

Mr. CARP. Yes. I think most——

The CHAIRMAN. He has just testified that he got it in cash.

Mr. CARP. Or in a check.

The CHAIRMAN. Now, listen——

Mr. WOLF. We are conferring on facts. This gentleman is sitting right here.

The CHAIRMAN. You were not present when this was taking place, were you?

Mr. CARP. I beg your pardon, Mr. Dies. He is my partner. Why don't you ask him the questions? Why don't you ask him? He knows the books more than I do.

The CHAIRMAN. The question is whether you got cash from the Amtorg or a check. That comes within your knowledge. That is something for you.

Mr. CARP. To tell the truth, I am subject to forgetting. I want to tell you, Mr. Senator. I want to tell everybody the truth. I didn't come here to lie to you. I did not. But sometimes I can forget a thing, you know.

Mr. STARNES. Just your best recollection. We will take it that you are doing your best.

Mr. CARP. I am doing my best to tell you. I have an idea that everything from Russia is in checks.

Mr. WHITLEY. What is Rosoff's first name?

Mr. CARP. David A.

Mr. WHITLEY. He is the vice president of the Amtorg?

Mr. CARP. He was vice president of the Amtorg when I started to deal with him. Then he became president after a while. And then he left for home.

Mr. WHITLEY. Now, the next receipts that are reflected in your books, Mr. Carp, are on October 6, 1936, from the U. S. S. R., \$30,255, and on this same date from the U. S. S. R. \$12.50. Was there any reason for getting those two amounts on the same date in separate sums?

Mr. CARP. Maybe they short-paid me something. I couldn't—I didn't even—you know, the items on the books don't mean anything.

Mr. WHITLEY. Did you obtain those sums from the Amtorg?

Mr. CARP. From Mr. Rosoff.

Mr. WHITLEY. Those were obtained on the 6th of October?

Mr. CARP. Yes.

Mr. WHITLEY. Then on the 8th of October 1938, cash receipts U. S. S. R., \$5,000.

Mr. CARP. Yes, sir.

Mr. WHITLEY. Those were funds drawn or obtained by you to make certain purchases or to meet certain expenses?

Mr. CARP. Purchases or to meet certain expenses.

Mr. WHITLEY. Now, under the disbursements column, on October 6 your records reflect that you paid to airplane development \$30,255?

Mr. CARP. Yes, sir.

Mr. WHITLEY. That was exactly the same amount you had obtained from the Amtorg.

Mr. CARP. From the Amtorg.

Mr. WHITLEY. Or the U. S. S. R. on the same date.

Mr. CARP. Yes, sir.

Mr. WHITLEY. Was that the purpose for which you obtained it?

Mr. CARP. I obtained that money. Yes.

Mr. WHITLEY. And what did that payment to airplane development represent, Mr. Carp?

Mr. CARP. This was the Vultee Co., too, I think it was; and that was a payment on account.

When we paid the Vultee, we didn't pay them all in cash. There was, I think, an amount of about \$250,000, and they were paid in two or three installments or four installments.

Mr. WHITLEY. Under disbursements on October 9 you have a payment to Rhodes in the amount of \$100?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Is that Commander Rhodes?

Mr. CARP. Commander Rhodes. Yes.

Mr. WHITLEY. Of the Navy?

Mr. CARP. Of the Navy.

Mr. WHITLEY. That is J. B., is it?

Mr. WOLF. J. B. or J. R. I don't know which.

Mr. WHITLEY. That was for what?

Mr. CARP. Salary.

Mr. WHITLEY. Do you mean for his services?

Mr. CARP. For salary. I think he was working for us, and that was for salary for services. His salary continues in the future at \$100 a week.

Mr. WHITLEY. On October 16 another payment to Rhodes of \$100.

Mr. CARP. Yes.

Mr. WHITLEY. And on the 26th another payment to Rhodes.

Mr. CARP. Yes. He was working on a salary. So you will find his salary there.

Mr. WHITLEY. Now, under receipts on November 10, 1936, from the U. S. S. R., \$5,787.50.

Mr. CARP. Yes.

Mr. WHITLEY. And another disbursement November 5, 1936, a disbursement to Army Ordnance, \$4.50. Do you recall what that was for?

Mr. WOLF. A magazine.

Mr. CARP. A magazine.

Mr. WHITLEY. On November 23, 1936, "Cash, trip to Washington, \$100." Did you make a number of trips to Washington during this period?

Mr. CARP. Yes, sir.

Mr. WHITLEY. What was the purpose of those trips? To make arrangements in connection with these plans?

Mr. CARP. I had to find out—I had to go into the Naval Intelligence. I had to go into the State Department. I always had to find out some-

thing about it. I had to find out what we can do or how we can go about it. It is not a very simple thing.

Mr. WHITLEY. Under receipts on December 16, 1936, from the Union of Soviet Socialist Republics \$13,547.58. December 10 from the Union of Soviet Socialist Republics, \$6,101.50. On the 17 from the same source \$5,000. That makes a total of \$24,649.08 received from Union of Soviet Socialist Republics during the month of December.

Now, when you say on your books "U. S. S. R." you mean from the Union of Soviet Socialist Republics through the Amtorg?

Mr. CARP. Yes. From Mr. Rosoff. I don't know if it was the Amtorg. Rosoff was the one that used to give me the money. I know that he was the one. That is all.

Mr. WHITLEY. Now, under "Disbursements" on December 7, "Cash trip Rhodes." That is Commander Rhodes, I presume?

Mr. CARP. Yes.

Mr. WHITLEY. \$200.30.

Mr. CARP. Yes, sir.

Mr. WHITLEY. Do you know what the nature of that expense was or what that trip was, Mr. Carp?

Mr. CARP. Does it say that it was a trip to Washington?

Mr. WHITLEY. No. It just says "Cash trip Rhodes."

Mr. CARP. We gave him cash for his trip.

Mr. WHITLEY. In other words, Rhodes has the initials "M. W."?

Oh, that is Mr. Wolf, I presume.

Mr. CARP. For Mr. Wolf and Rhodes.

Mr. WHITLEY. For Rhodes and Mr. Wolf?

Mr. CARP. For their bills.

Mr. WHITLEY. And on December 11, it is 1936, an expenditure to International Standards \$6,101.50. What did that represent? What concern was that?

Mr. WOLF. What plant was that?

Mr. WHITLEY. The International Standards.

Mr. WOLF. That would be the Western Electric.

Mr. WHITLEY. Does that represent a purchase from the Western Electric?

Mr. WOLF. Oh, yes.

Mr. CARP. Western Electric.

Mr. WHITLEY. What type of supplies was that?

Mr. WOLF. Airplane receivers.

Mr. CARP. Parts for airplanes.

Mr. WHITLEY. Airplane receivers. That was equipment for—

Mr. CARP. Equipment belonging to an airplane.

Mr. WHITLEY. Which was being purchased?

Mr. CARP. Yes.

Mr. WOLF. You don't mind my helping out, do you?

The CHAIRMAN. No. Suppose that you be sworn, Mr. Wolf.

(Whereupon Morris Wolf, attorney and partner of Sam Carp, was duly sworn, and the examination of Mr. Carp and Mr. Wolf proceeded simultaneously.)

The CHAIRMAN. And when he cannot answer counsel, you may answer for him. If he cannot answer something, we will assume that you will answer it.

Mr. WHITLEY. Under December 20, 1936, a disbursement "Cash, trip, Bethlehem, \$100." Is that the Bethlehem Steel?

Mr. CARP. Yes. That is to their plant in Boston.

Mr. WHITLEY. Then on December 22, 1936, "To Fairchild Aero, \$5,245.66."

Mr. WOLF. Airplane instruments.

Mr. WHITLEY. Instruments for a plane that you purchased?

Mr. WOLF. Either that or separately.

Mr. WHITLEY. Now, January 4, 1937, receipts from U. S. S. R., \$30,810.22. On the same day another item, receipts from U. S. S. R., \$6,897.46. January 14, 1937, from the U. S. S. R., \$7,309.48. On January 25, \$6,808.75. And on January 26, from the U. S. S. R., \$12.50. That is the second time that small amount has appeared. Is there any reason for that, Mr. Carp?

Mr. CARP. A short payment.

Mr. WOLF. There is probably reflected on the other side the exact amount of the disposition. Somebody received the exact payment. Ordinary commercial transactions.

Mr. CARP. They gave us sometimes short of the amount that we needed.

Mr. WHITLEY. That \$12.50 does not appear on the other side. It is just an odd amount.

Mr. WOLF. I couldn't answer that.

Mr. WHITLEY. The total receipts from the U. S. S. R. during January 1937 were \$51,838.41.

Now, under disbursements for that month you have an item on January 9, "Gaentner Scientific," \$2,200.48.

Mr. CARP. For airplane instruments.

Mr. WHITLEY. Scientific instruments to be installed?

Mr. CARP. To be installed on those planes.

Mr. WOLF. Probably. I wouldn't say yes.

Mr. WHITLEY. Now, on January 9, 1937, a disbursement to Acheson Graphite.

Mr. CARP. Yes.

Mr. WHITLEY. \$30,810.22.

Mr. CARP. Yes.

Mr. WHITLEY. That represented a graphite purchase?

Mr. CARP. Yes.

Mr. WHITLEY. For shipment to the Soviet Union?

Mr. CARP. Yes.

Mr. WHITLEY. Now, under January 18, 1937, "Cash disbursement, Thompson, \$16."

Mr. CARP. Yes.

Mr. WHITLEY. What did that represent, Mr. Carp?

Mr. CARP. I think we had this fellow Thompson in the office to do some work. I don't know.

Mr. WHITLEY. I believe you stated earlier that Mr. Rhodes was the only technical man that you had.

Mr. CARP. Who worked for us by the week. But from time to time, if we needed some things—

Mr. WHITLEY. Who is Mr. Thompson?

Mr. WOLF. Colonel Thompson.

Mr. WHITLEY. Colonel Thompson?

Mr. WOLF. Yes.

Mr. WHITLEY. A colonel in the Army retired?

Mr. WOLF. Retired; yes.

Mr. WHITLEY. Do you know his initials?

Mr. CARP. Mr. Wolf, you must know.

Mr. WOLF. I don't recall.

Mr. CARP. He used from time to time to do work for us.

Mr. WOLF. His father used to be General Thompson.

Mr. WHITLEY. He didn't do it continuously?

Mr. CARP. No. He didn't work steady for us. But from time to time maybe I wanted him for something, for some different technical or something; and we paid him for it. But he didn't work for us like Rhodes did.

Mr. WHITLEY. Just occasionally you used him?

Mr. CARP. Occasionally; yes.

Mr. WHITLEY. Now, the receipts for February 1937, I will just give the totals. There are five separate items. The total cash receipts for that month from the U. S. S. R. were \$98,579.56. All of that was obtained from the U. S. S. R. through the Amtorg?

Mr. CARP. From Mr. Rosoff. I wouldn't say the Amtorg. I know Mr. Rosoff.

Mr. WHITLEY. He is vice president of the Amtorg?

Mr. CARP. He was vice president; yes.

Mr. WHITLEY. Now, under disbursements, "February 2, 1937, J. B. Rhodes, trip to Washington, \$25." That was in connection with his activities?

Mr. CARP. Yes.

Mr. WHITLEY. Technical activities?

Mr. CARP. Yes.

Mr. WHITLEY. Under February 8, 1937, a disbursement to Norton Co., \$6,532.35. What did that represent?

Mr. CARP. Emery wheels that we bought.

Mr. WHITLEY. Emery wheels.

Mr. CARP. We used to buy a lot of them.

Mr. WHITLEY. Another one on February 10, 1937, a disbursement to Acheson Graphite of \$32,301.08.

Mr. CARP. Yes.

Mr. WHITLEY. That was a further purchase of graphite?

Mr. CARP. Yes.

Mr. WHITLEY. February 10 to Dr. Klemin.

Mr. CARP. Yes, sir.

Mr. WHITLEY. A disbursement of \$250. Who was Dr. Klemin?

Mr. CARP. Dr. Klemin is a professor at the New York University in the airplane division.

Mr. WHITLEY. In the aeronautical department of the New York University?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Was that for technical services?

Mr. CARP. Yes, sir.

Mr. WHITLEY. He was not a regular employee?

Mr. CARP. No.

Mr. WHITLEY. You just paid him for specific work?

Mr. CARP. Just for specific work that he would do when we wanted him to do it.

Mr. WHITLEY. Another one on February 18, a cash disbursement to the Aviation Manufacturing Co. of \$49,922.50.

Mr. WOLF. That is the same—the Vultee.

Mr. WHITLEY. That represents a payment for purchases?

Mr. CARP. A payment on purchases.

Mr. WHITLEY. On February 26 another disbursement to M. H. Thompson.

Mr. WOLF. The same Thompson.

Mr. WHITLEY. \$250.

Mr. CARP. Yes, sir.

Mr. WHITLEY. Another disbursement to J. B. Rhodes on the 26th.

Mr. CARP. Yes.

Mr. WHITLEY. Total receipts from the U. S. S. R. for March 1937 were \$155,031.10, representing seven different items of receipts from that source.

The disbursements for March 1937 were as follows: March 2, to Vultee Aircraft—

Mr. WOLF. The same company.

Mr. WHITLEY. \$25,000. That is further airplane purchases?

Mr. WOLF. That is right.

Mr. WHITLEY. Another one on March 5 to the Fairchild Aviation, Inc., \$380. Another one on March 10 to J. B. Rhodes, Commander Rhodes, \$160. Then on March 11 to Col. M. H. Thompson \$153.95.

Mr. STARNES. Do I understand that Commander Rhodes and Mr. Thompson are now retired officers of the Navy?

Mr. WHITLEY. Commander Rhodes is a retired naval officer. Colonel Thompson is a retired Army officer.

Mr. STARNES. A retired Army officer?

Mr. WHITLEY. That is right.

Mr. STARNES. They are now on a retired status?

Mr. WHITLEY. That is right.

Mr. STARNES. Are they being paid anything?

Mr. WHITLEY. Are they on a pension?

Mr. WOLF. I don't think that that is true as to Colonel Thompson. I think he resigned completely.

The CHAIRMAN. He resigned completely?

Mr. WOLF. Yes.

The CHAIRMAN. Commander Rhodes is still being paid?

Mr. WOLF. I still think he is.

The CHAIRMAN. Of course, these are direct payments from the Russian Government to them? You are only an intermediary? It is not your money. It is the Russian Government's money that you in turn are paying to them. Isn't that so?

Mr. WOLF. That would be a conclusion that you reach.

The CHAIRMAN. I don't mean for you, but for anybody else. It is, of course, not your money. You are merely acting as an agent for the Government with respect to that transaction.

Mr. CARP. I told you before, Senator, that I was not an agent of the Russian Government. I started in business to make commissions from the Russian Government. I incorporated myself and I want to make commissions. If I can be successful—

The CHAIRMAN. We won't get anywhere by arguing about the question of agency under this law. The point that I am making is this: That when you pay Commander Rhodes or Major Thompson, or any of these officers, you make a payment to them, and then you go to the Amtorg, or, rather, to this Rosoff, and get the money to make the payments? Is that not true?

Mr. CARP. No, sir.

The CHAIRMAN. What do you say?

Mr. CARP. This was not so.

The CHAIRMAN. That is what I want to know. You make payments for anything?

Mr. CARP. Yes, sir.

The CHAIRMAN. Then when you need money, you go to Mr. Rosoff? What is his name?

Mr. WHITLEY. Rosoff.

The CHAIRMAN. Rosoff. And you say, "I need so much money." and he gives it to you, doesn't he?

Mr. CARP. Yes.

The CHAIRMAN. What is the difference between that and the Russian Government in the first instance making the payment? It just goes through your hands to the person to whom it is finally to reach.

Mr. WOLF. That is true.

Mr. CARP. That is true, too, but when I started with the Russian Government my intention was to make through them a lot of commissions, to make a lot of money.

The CHAIRMAN. I am not talking about what your intentions were.

Mr. CARP. For them to pay me money.

The CHAIRMAN. I am not talking about any intentions here. I am talking about the nature of this thing, when you have certain retired commanders and officers—

Mr. CARP. Working for me.

The CHAIRMAN. Working for you on your pay rolls.

Mr. CARP. Yes, sir.

The CHAIRMAN. That you paid them. And when you needed money, you went to the Russian Government and got the money to pay them.

Mr. CARP. Yes. With Russian money. It was American money, but from the Russian Government.

Mr. WOLF. May I, Mr. Chairman, add onto that that before we employed them, we asked them to inquire from the State Department whether it was proper for them to be employed. And they had made these inquiries, and we employed them after they had made such inquiries, because we were not going to employ them unless they felt that they were free to be employed.

The CHAIRMAN. Did you explain to them where the money was coming from?

Mr. WOLF. Oh, yes. Yes. They understood thoroughly just what the situation was.

The CHAIRMAN. All right. Go ahead.

Mr. WHITLEY. Continuing with the disbursements for March 1937, there is another payment to J. B. Rhodes, Commander Rhodes, of \$160, March 10; and another one on March 12 to Vultee Aircraft in the amount of \$25,922.50. That makes a total of \$50,932.50 paid to Vultee during the month of March 1937. That is still for the purchase of airplane equipment?

Mr. WOLF. That is right.

Mr. WHITLEY. Now, continuing the March disbursements, March 1937. On March 19, 1937, a payment to "George A. Miller, investigations, \$25." Who is George A. Miller, Mr. Carp?

Mr. CARP. I don't know.

Mr. WHITLEY. Do you know, Mr. Wolf?

Mr. WOLF. Oh, yes.

Mr. WHITLEY. Do you know who George Miller is?

Mr. WOLF. He is a watchmaker?

Mr. WHITLEY. Watchmaker?

Mr. WOLF. That is right.

Mr. WHITLEY. What was the nature of his investigations?

Mr. WOLF. To investigate as to the probability of being able to buy a plant, a watch plant, in America, or to have one equipped in America.

Mr. WHITLEY. You planned to build one here?

Mr. WOLF. To make watches.

Mr. CARP. That was one of the other things that Russia wanted.

Mr. CARP. Thompson, \$100 a week.

Mr. WHITLEY. And another one in March 1937, to Vultee Aircraft in the amount of \$656 and on March 29, 1937, Gaentner Scientific, \$214.40. That was for scientific instruments?

Mr. WOLF. That is right.

Mr. WHITLEY. For the planes?

Mr. WOLF. That is right.

Mr. WHITLEY. Now, cash receipts from the U. S. S. R.—this page was for March 25, and the rest of them are all in April 1937. They total \$113,314.90.

The disbursements for April 1937 are another one to Commander Rhodes and one to Colonel Thompson, another to Commander Rhodes for travel expenses, \$50, another one to Commander Rhodes, and another item, April 24, to the Vultee Aircraft, \$58,049.51.

Mr. STARNES. How many planes did you buy?

Mr. CARP. Two.

Mr. WHITLEY. Do you know what the total was that you paid for them altogether?

Mr. CARP. \$240,000 or \$250,000.

Mr. WOLF. Something around that. You will find it in the ledger in the general account.

Mr. CARP. That doesn't include the scientific instruments and the other things. That was separate.

Mr. WHITLEY. During May 1937 total receipts from the U. S. S. R. were \$26,063.46. The disbursements were the usual disbursements to Thompson and Commander Rhodes—no. The disbursements in this instance were on May 4 to Colonel Thompson for \$500. Was that for some special services?

Mr. WOLF. That is just running over a period of months that he didn't get anything. So he got a substantial sum.

Mr. WHITLEY. The payments in June 1937 from the U. S. S. R. are two items totaling \$14,259.59. Disbursements to Rhodes and Thompson.

Here is one on June 16, 1937, Mr. Carp. to the Buda Co., \$13,942.80.

Mr. WOLF. Marine engines which were shipped to Russia.

Mr. WHITLEY. On June 18, 1937, another payment to Fairchild Aero of \$26,500. On June 23, 1937, a payment to Amtorg Trading in the amount of \$542.46. Do you know what that represents, Mr. Carp?

Mr. CARP. Yes. That was an overpayment on the Vultee planes. When we added them together the payments, when we added what they paid us, there was an overpayment of \$500; and we sent them a check back for that.

Mr. WHITLEY. I believe, Mr. Wolf, in questioning you about that amount in New York recently you stated you thought it was for photostatic work.

Mr. WOLF. I thought so then, but I found out that I was in error.

Mr. WHITLEY. Then you want to change that, as you were in error?

Mr. WOLF. Yes.

Mr. CARP. We checked that.

Mr. WHITLEY. Now, Mr. Carp, on June 28, 1937, you have a disbursement to Mr. Preston McGoodwin in the amount of \$5,000.

Mr. CARP. Yes.

Mr. WHITLEY. What did that represent?

Mr. CARP. He was our publicity man or contact man. I don't know what you would call him.

Mr. WHITLEY. Your contact man where?

Mr. CARP. In Washington.

Mr. WHITLEY. Who was Mr. Preston McGoodwin?

Mr. CARP. Somebody recommended me to him.

Mr. WHITLEY. Do you know what his business is or what connections he has?

Mr. CARP. I don't know. They told me that he has got—that he is here for years and knows every connection, what to do, and everything.

Mr. MASON. Mr. Counsel, isn't he an assistant to Mr. Michaelson of the National Democratic Committee?

Mr. WHITLEY. I understand that Mr. McGoodwin has some official connection here in Washington.

Mr. MASON. I understand that he is one of Mr. Michaelson's assistants.

Mr. WHITLEY. You mean at the Democratic national headquarters?

Mr. MASON. Yes, sir. And that he was a pretty good contact man.

Mr. WHITLEY. Did you have him recommended to you highly, Mr. Carp?

Mr. CARP. Yes.

Mr. WHITLEY. As a contact man?

Mr. CARP. Yes. As a publicity man.

Mr. WHITLEY. Who recommended him?

Mr. CARP. A man by the name of——

Mr. WOLF. Mr. Dalinda.

Mr. WHITLEY. Do you know what Mr. Dalinda's initials are?

Mr. WOLF. J. A., I think.

Mr. WHITLEY. What is his business?

Mr. WOLF. His business is to sell inventions.

Mr. WHITLEY. His business is that he sells inventions?

Mr. WOLF. Yes.

Mr. WHITLEY. To individuals and governments?

Mr. CARP. Individuals and governments.

Mr. WHITLEY. And he recommended that you get in touch with Mr. Preston McGoodwin as a contact man?

Mr. CARP. Yes, sir.

Mr. WHITLEY. In Washington?

Mr. CARP. As a publicity man and as a contact man.

Mr. WHITLEY. Did he tell you what Mr. McGoodwin's business was?

Mr. CARP. No. He didn't tell me. He told me that he is the right man to have for——

Mr. WHITLEY. He had used him himself, had he not?

Mr. CARP. What is that?

Mr. WHITLEY. Did he tell you that he had used him himself?

Mr. CARP. Well, he brought him to me.

Mr. WHITLEY. Oh, he brought Mr. McGoodwin to you?

Mr. CARP. Yes.

Mr. WHITLEY. And recommended him to you?

Mr. CARP. Yes.

Mr. MASON. I suppose he recommended him to you on the ground that he would have a lot of influence as a contact man?

Mr. WHITLEY. That is what you wanted, of course?

Mr. CARP. Yes.

Mr. WHITLEY. Or someone with a lot of influence in Washington?

Mr. CARP. Yes. I didn't know anything. I didn't know the place to go. I was like a blind man.

Mr. WHITLEY. Why did you want someone with a lot of influence in Washington just at this time, Mr. Carp? Did it have anything to do with getting these plans approved by the State Department or the Navy Department?

Mr. CARP. I don't know whether it had anything to do with that.

Mr. WHITLEY. Why did you want a contact man in Washington with a lot of influence at this time? That is, why would you pay \$5,000 for someone with a lot of influence in Washington at this time?

Mr. CARP. Mr. McGoodwin told me——

Mr. WHITLEY. This didn't represent a gift or donation? You were paying him for services to be rendered?

Mr. CARP. I paid him for services the same as I would pay a lawyer.

Mr. WHITLEY. What were those services?

Mr. CARP. I couldn't tell you what his services were.

The CHAIRMAN. Now, let us be very frank. Don't you know that you paid him in order to use his influence——

Mr. CARP. Yes.

The CHAIRMAN. To secure the approval of these plans?

Mr. CARP. Yes, sir.

The CHAIRMAN. Isn't that true?

Mr. CARP. Yes.

The CHAIRMAN. Go ahead, Mr. Attorney.

Mr. WHITLEY. So after looking around for a good contact man in Washington with lots of influence, you got in touch with Mr. Preston McGoodwin?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Through Mr. Dalinda?

Mr. CARP. Yes.

Mr. WHITLEY. Who deals in buying and selling patents?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And then on June 28, 1937, you retained Mr. McGoodwin to represent the Carp Export & Import Co.?

Mr. CARP. Yes, sir.

Mr. WHITLEY. And you paid him \$5,000?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Now, what was your arrangement or your agreement with Mr. McGoodwin? What was he to do to earn that \$5,000, Mr. Carp? You didn't just hand it to him and say, "Here it is. You understand what you are to do with it."

Mr. CARP. No. To get me in contact with the State Department and any other department necessary for me to take the necessary action so that we don't have to come to Washington.

Mr. WHITLEY. To establish contact with the State and Navy Departments?

Mr. CARP. Yes. He was going to take me and do for me so I would not have to come to Washington.

Mr. WHITLEY. He was handling your contacts and business with the State and Navy Departments?

Mr. CARP. Yes.

Mr. WHITLEY. Did you make any further payments to Mr. McGoodwin?

Mr. CARP. Yes, sir.

Mr. WHITLEY. As a matter of fact, on June 28, 1938, you paid him \$20,000, didn't you, Mr. Carp?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Was that for services rendered?

Mr. CARP. Yes, sir.

The CHAIRMAN. How much altogether did you pay him?

Mr. WHITLEY. I was going to ask Mr. Carp that question.

The CHAIRMAN. All right.

Mr. WHITLEY. What other payments did you make to Mr. McGoodwin?

The CHAIRMAN. How much did you pay him altogether, the total amount? \$40,000 or \$50,000?

Mr. CARP. I don't know. I think that is—it is all on the books. We didn't have any contract for that. It is all in the books.

Mr. WHITLEY. All that you paid him is in the books?

Mr. CARP. Yes.

Mr. MASON. This was a different proposition from the other expense?

Mr. CARP. Yes.

Mr. WOLF. For additional services that he rendered. He was trying to make contacts with the shipping concerns for the purposes of building these ships here. We were strangers. We didn't know. He knew. That was for services——

The CHAIRMAN. What did he have to do in Washington?

Mr. WOLF. He knew who makes them. They had contacts in New York. Naturally, we didn't know them.

The CHAIRMAN. He told you that he was in position to make contacts among shipbuilding companies?

Mr. WOLF. That is right. As a matter of fact, a shipbuilding company wouldn't even talk to you on any of these subjects unless you had someone to introduce you.

Mr. MASON. Therefore you felt that you were receiving your money's worth?

Mr. WOLF. Yes, sir.

Mr. CARP. I wouldn't say that.

Mr. WOLF. Yes, sir.

The CHAIRMAN. Let us proceed.

Mr. WHITLEY. You made no attempts to cover any payments that you made to Mr. McGoodwin?

Mr. CARP. No, sir. I didn't cover up anything.

Mr. WOLF. They are all in the books.

Mr. WHITLEY. As far as you know, this \$25,000, that is all you paid Mr. McGoodwin?

Mr. CARP. Everything is in the books. \$25,000—

Mr. WHITLEY. In other words, in June you paid him \$5,000. That was the initial payment?

Mr. CARP. Yes.

Mr. WHITLEY. What was your agreement with him? You had an agreement to pay him some amount. What did you agree to pay him, and what were the conditions of your agreement with him, Mr. Carp?

Mr. CARP. If he would be successful—

The CHAIRMAN. That is, if the plans would be approved?

Mr. CARP. Were approved and they built these ships, I would pay him according to the percentage that I would get. If I would get a big amount of money for my percentage, he would get—

The CHAIRMAN. What percentage would he get out of what you were to get?

Mr. CARP. We didn't have an agreement on a stated percentage. But I told him that there would be a lot of money for me and there would be a lot for him.

The CHAIRMAN. A lot of money for him?

Mr. CARP. Yes.

The CHAIRMAN. A lot of money for both of you?

Mr. CARP. Yes.

The CHAIRMAN. And in the meantime you gave him cash too?

Mr. CARP. Yes, sir.

Mr. MASON. That was kind of a retainer?

Mr. CARP. A retainer.

The CHAIRMAN. What do the books show the total amount of cash to Mr. Preston McGoodwin to be?

Mr. WHITLEY. It shows that during June 1937 he paid him \$5,000. Then during June 1938 he was paid \$20,000.

Now, it was in 1938 that the plans were sent to Russia, wasn't it, that the State Department approved the sending of these plans to Russia for examination?

Mr. CARP. No, sir. When we paid Mr. McGoodwin was in 1938. What month was it?

Mr. WHITLEY. June 24, 1938.

Mr. CARP. The plans didn't come out until in November.

Mr. WHITLEY. You hadn't gotten the State Department's approval at that time?

Mr. CARP. No, sir. We did not.

Mr. WHITLEY. Now, I have read from the cashbook, your cashbook, the receipts and disbursements, Mr. Carp; and those items, of course, are posted to your ledger. Now, you have in your ledger account under the item "Sundries" for June 1937 an item to W. L. Maxon, \$5,000.

Mr. CARP. Yes, sir.

The CHAIRMAN. Who is that?

Mr. WOLF. W. L. Maxon.

Mr. WHITLEY. Do you know Mr. Maxon?

The CHAIRMAN. Who is he?

Mr. WOLF. An engineer.

Mr. WHITLEY. Is that by any chance the posting of this first McGoodwin payment of \$5,000?

Mr. CARP. Oh, no.

Mr. WHITLEY. I believe that Mr. Wolf told me——

Mr. WOLF. I thought so, but it is not so. Maxon is a separate item.

Mr. WHITLEY. That is a separate item?

Mr. WOLF. Yes, sir.

Mr. CARP. Yes, sir. Maxon is for engineering work.

The CHAIRMAN. Aircraft work?

Mr. CARP. No. He is an engineer in New York. He has got an office. He has a large factory.

Mr. STARNES. By the way, how did you make this payment to Mr. McGoodwin—in cash?

Mr. CARP. One in check. The first one in a check. The next one in cash. The \$5,000 was in a check, and the \$20,000 was in cash.

Mr. STARNES. Was in cash?

Mr. CARP. Yes.

Mr. STARNES. Who else got money for that?

Mr. WHITLEY. Mr. Chairman, I want to point out, in spite of the explanation just given, that there is no entry in the cashbook under June 1937 or June 1938 to Mr. Maxon in the amount of \$5,000. In other words, the only item of that amount in the cashbook for June 1937 is "Preston McGoodwin, \$5,000"; and when posted to the ledger the amount is carried "W. L. Maxon, \$5,000."

Mr. WOLF. Isn't that a separate one in the ledger? Just look in the ledger.

The CHAIRMAN. He got that \$20,000 in thousand-dollar bills or \$100 bills?

Mr. CARP. I think it was in thousand-dollar bills.

The CHAIRMAN. Twenty thousand-dollar bills?

Mr. CARP. Yes.

Mr. VOORHIS. How did you get it to him? That is a rather large amount of money.

Mr. CARP. I think he came to my office and I went over to the safe and took it out and I gave it to him.

Mr. VOORHIS. At Bridgeport?

Mr. CARP. No. In New York.

The CHAIRMAN. You got it out of the safe?

Mr. CARP. Got it out of the safe.

The CHAIRMAN. Was that a part of the cash money that you brought from Russia?

Mr. CARP. Yes.

The CHAIRMAN. That was part of the \$100,000 that you brought in cash from Russia?

Mr. CARP. Yes.

The CHAIRMAN. And it was in thousand-dollar bills?

Mr. CARP. Yes, sir. Some five-thousand and some thousand.

Mr. WHITLEY. Mr. Chairman, Mr. Wolf states as to this item, the first item—the payment to Preston McGoodwin on June 28, 1937, in the amount of \$5,000—that the bookkeeper made an error when he posted it to the ledger under the name of "Maxon, \$5,000"; and that

instead of "Maxon" on the ledger it should be "Preston McGoodwin." I want to get that cleared up.

The CHAIRMAN. Is that correct, Mr. Wolf?

Mr. WOLF. It would seem to be so, because the cashbook—I mean, that question of McGoodwin—the only answer is that there must have been an error, because I don't know how he took it down.

Mr. WHITLEY. In other words, in posting it to the ledger, it was not posted to Mr. McGoodwin's name, but they posted it to Mr. Maxon?

Mr. WOLF. It was through——

The CHAIRMAN. That is the June 1937 payment?

Mr. WHITLEY. That is right. That is the June 1937 payment.

The CHAIRMAN. Of \$5,000?

Mr. WHITLEY. That is right.

The CHAIRMAN. That is a small amount. All right. That is enough.

Mr. WHITLEY. Well, Mr. Chairman, I was busy running down this item. I will continue with the cash. I want an explanation as to the services rendered.

The CHAIRMAN. Did he get any more besides the \$5,000 by check and the \$20,000 in one-thousand-dollar bills?

Mr. WHITLEY. Those are the only payments that are reflected in the ledger.

The CHAIRMAN. Is that all that you made to him?

Mr. CARP. That is all that he got. I was dissatisfied with his work, and I fired him.

The CHAIRMAN. You were not satisfied with his work in Washington?

Mr. CARP. No, sir.

The CHAIRMAN. He wasn't getting the results that you expected of him?

Mr. CARP. That I expected of him. No, sir.

Mr. MASON. As I was saying, Mr. Chairman, this was really nothing but a retainer fee, with a promise that if——

Mr. CARP. Yes.

Mr. MASON. That if the thing went through successfully——

Mr. CARP. Absolutely.

The CHAIRMAN. Let him speak.

Mr. CARP. I would make myself and himself a lot of money.

The CHAIRMAN. You were going to make a lot of money and everybody would be taken care of. As a matter of fact, they told you that this man was occupying an important political connection?

Mr. CARP. Not only politically, but I was told that through the papers he is popular; that he would be able to get publicity for me and everything else.

The CHAIRMAN. You knew of his connection with the national committee, didn't you?

Mr. CARP. At the time I didn't know. They wouldn't tell me. This fellow Dalinda made a secret out of this man. He said that he will bring that man, but he wouldn't even let me talk to him for awhile.

Mr. WHITLEY. Did he tell you his right name?

Mr. CARP. Yes.

Mr. WHITLEY. Did he use the name McGoodwin?

Mr. CARP. At first he told me—he called him “minister,” some minister. He called him “minister.”

The CHAIRMAN. Did he tell you that he was a big man in Washington?

Mr. CARP. He told me that he is a man who has got all kinds of connections and publicity and can get good publicity for us, and everything else—connections and everything else.

The CHAIRMAN. Did he say that he had a lot of political influence?

Mr. CARP. No; he didn't tell me that.

Finally he brought me this man, and he used to call him “minister”; and I believe he introduced me to him by the name of McGoodwin.

Mr. VOORHIS. This was the time you were trying to get permission to have these destroyer plans approved?

Mr. CARP. No. That was at the time that they had the battleships.

Mr. STARNES. When you were trying to get the battleship plans approved by the State Department?

Mr. CARP. Yes.

The CHAIRMAN. All right. Let us proceed.

Mr. WHITLEY. The disbursements for July and August, Mr. Chairman, are mostly routine.

The CHAIRMAN. All right.

Mr. STARNES. How about receipts?

Mr. WHITLEY. They fall off here. We can get the total out of the ledger, Mr. Starnes later on. I am just running through these items that we have not already covered.

The CHAIRMAN. All right. Let us go.

Mr. WHITLEY. Under date of June 1938—

Mr. VOORHIS. Was Mr. Dalinda the only person who told you about Mr. McGoodwin?

Mr. CARP. Yes.

Mr. VOORHIS. Or did other people tell you about him?

Mr. CARP. No; that is the only man.

Mr. VOORHIS. Just this one man?

Mr. CARP. I think that they are great friends, Dalinda and McGoodwin, the way I get it.

The CHAIRMAN. All right; go ahead.

Mr. WHITLEY. Just a minute, Mr. Chairman. I have got to check an item here.

Mr. Chairman, referring to the ledger, you can see that this item, or these two items, do not appear on the cashbook at all. That is, if they do, they are concealed items, because the name and the exact amounts do not appear. But on the ledger under the name of Scott Ferris for the date of June 24, 1938, there is a payment, a disbursement, of \$5,000. Can you explain that to the committee?

Mr. CARP. Ferris was our attorney and still is.

Mr. WHITLEY. Mr. Ferris is your attorney?

Mr. CARP. Yes.

Mr. WHITLEY. In Washington?

Mr. CARP. Yes; after I fired Mr. McGoodwin I hired Mr. Ferris.

Mr. WHITLEY. Mr. McGoodwin was not an attorney.

Mr. CARP. I didn't know at the time what he was, but I was dissatisfied with his work.

Mr. WHITLEY. So you employed Mr. Ferris to perform legal services?

Mr. CARP. Legal services.

The CHAIRMAN. You paid him that \$5,000 as a retainer?

Mr. CARP. As a retainer.

Mr. WOLF. That and more.

Mr. WHITLEY. Just a minute, Mr. Carp. You say that after you fired McGoodwin you hired Mr. Ferris?

Mr. CARP. Yes.

Mr. WHITLEY. On June 24, 1938, you paid Mr. McGoodwin \$20,000. And on the same date, June 24, 1938, you paid Mr. Ferris \$5,000.

Mr. CARP. Yes, sir; that is just what I retained Mr. Ferris for.

Mr. WHITLEY. You retained him because you were not satisfied with Mr. McGoodwin's services?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Mr. McGoodwin was not performing legal services, however. He is not an attorney, is he?

Mr. CARP. No, sir; he is not. I don't think so.

Mr. WHITLEY. He was doing publicity for you?

Mr. CARP. Publicity.

Mr. WHITLEY. Did you have to get a publicity representative in Washington? I mean, why did you have to get a contact man or a publicity representative? Don't you have good publicity concerns in New York?

Mr. CARP. He took care of the publicity that we needed. I didn't advertise myself and my project. He had all the clippings from the papers and editorials and everything.

Mr. WHITLEY. He was going to make the contacts that you wanted in the State and Navy Departments?

Mr. CARP. Yes.

Mr. WOLF. May I talk to him about the facts?

Mr. MASON. Mr. Chairman, I would like to ask him a question in this connection.

The CHAIRMAN. Yes.

Mr. MASON. In retaining Mr. Scott Ferris as your legal adviser here in Washington and paying him a retainer fee of \$5,000—

Mr. CARP. Yes, sir.

Mr. MASON. Did you know that Mr. Scott Ferris was the national democratic committeeman from Oklahoma, and because of that fact would have influence too?

Mr. CARP. When I told Mr. McGoodwin that I was dissatisfied with his work, he recommended him to me. He recommended Mr. Ferris.

Mr. MASON. That Mr. Ferris could probably—

Mr. CARP. Do more than he could do.

Mr. MASON. Than he could do?

Mr. CARP. And I hired Mr. Ferris after that, and he is still my attorney as far as—

The CHAIRMAN. In that connection, you paid \$20,000 in cash to Mr. McGoodwin on the same day you paid \$5,000 to Mr. Ferris?

Mr. CARP. Are those on the same day?

Mr. WHITLEY. That is right.

Mr. CARP. I was paying him up.

The CHAIRMAN. You were paying up McGoodwin?

Mr. CARP. Paying up one man.

The CHAIRMAN. And taking care of the new man?

Mr. CARP. Taking care of the new one. He told me that his services were to date for that amount.

The CHAIRMAN. You paid him \$5,000. That was paid in cash, wasn't it?

Mr. CARP. I think that I paid him cash.

The CHAIRMAN. In cash?

Mr. CARP. Yes.

The CHAIRMAN. How much time did Mr. McGoodwin give you for that amount of money?

Mr. CARP. He must have worked about 3 months.

Mr. VOORHIS. And you paid him \$25,000?

Mr. CARP. Yes.

The CHAIRMAN. Now, this \$5,000 that you paid him—that also came out of your safe?

Mr. CARP. Yes, sir.

The CHAIRMAN. From the sum of money that you brought from Russia?

Mr. CARP. Yes, sir. In other words, I wanted to pay the lawyers, and I wanted to pay them in cash.

Mr. MASON. I would like to follow up that amount that Mr. Ferris was paid later.

Mr. WHITLEY. At the time you fired Mr. McGoodwin you had not got the State Department approval that you wanted, had you, Mr. Carp?

Mr. CARP. No, sir.

Mr. WHITLEY. Now, on the same date, June 24, 1938, your ledger account under the name of Scott Ferris reflects that you paid him \$25,000.

Mr. CARP. Yes, sir.

Mr. WHITLEY. On that date. So you have two items entered for Mr. Scott Ferris on June 24, 1938, one for \$5,000 and one for \$25,000.

Mr. CARP. Well, the \$25,000 would be later; not on the same date.

Mr. WHITLEY. It is the same date in your own books.

The CHAIRMAN. That was the cash paid, that \$25,000?

Mr. CARP. Yes.

The CHAIRMAN. In thousand-dollar bills?

Mr. CARP. Yes.

The CHAIRMAN. And it came from the safe, the same way as the other?

Mr. CARP. Yes. The same way.

Mr. WHITLEY. This was entered, Mr. Chairman—I said it was not entered in the cashbook under the cash disbursements, and it was not; but in the back of the cashbook, in the journal, and it is entered there "June 24, Scott Ferris, \$5,000. To cash fund to record disbursements made September 2, 1937, and heretofore not recovered from the U. S. S. R." What does that entry mean—"to record disbursements made September 2, 1937"? Do you mean that you gave him first \$5,000?

Mr. CARP. I will explain that. When I paid in cash, our accountant didn't know the money; that is, right away. And then when our accountant came up I told him that I paid it. That is the way maybe that this was recorded.

Mr. WHITLEY. So you first retained Mr. Scott Ferris and paid him the first \$5,000 back on September 2, 1937?

Mr. CARP. Yes, September. If it is September. I don't know the exact date.

Mr. WHITLEY. That was the first payment. You first retained Scott Ferris in September 1937?

Mr. CARP. Yes.

Mr. WHITLEY. And paid him \$5,000 then?

Mr. CARP. \$5,000.

Mr. WHITLEY. So you didn't wait until you fired Mr. McGoodwin to hire Mr. Ferris, because Mr. McGoodwin was not fired until June according to your previous statement, until June 1938 which would be about 8 months later.

Mr. CARP. Maybe the accountant made a mistake in saying "1938" instead of "1937."

Mr. WHITLEY. No. It is here.

Mr. CARP. I know when I got through with Mr. McGoodwin I hired Ferris.

The CHAIRMAN. The situation, as I understand it, Mr. Carp, was this: You were not satisfied with Mr. McGoodwin's work because he was not getting any action?

Mr. CARP. Yes.

The CHAIRMAN. He had been dragging along?

Mr. CARP. Dragging along; yes.

The CHAIRMAN. And he didn't get approval for those plans?

Mr. CARP. No.

The CHAIRMAN. You had to get action?

Mr. CARP. Yes.

The CHAIRMAN. So you told him so?

Mr. CARP. Yes.

The CHAIRMAN. And he told you, "Well, the best man to get is Mr. Ferris"?

Mr. CARP. Yes.

The CHAIRMAN. And he told you he was a man of considerable influence, didn't he?

Mr. CARP. Well, he told me he was an ex-Congressman of good ability and knows everybody in Washington; and I took his advice and hired Mr. Ferris.

The CHAIRMAN. If you had not been sure that he had a lot of political influence, you would not have hired him, would you?

Mr. CARP. Well. I would not—I don't know what influence he had or not.

The CHAIRMAN. I mean, if he had not.

Mr. CARP. He told me he is the man who could help me get what I wanted. That is all.

Mr. VOORHIS. What did you tell this man when you gave him this money, when you hired him? What did you tell him he was supposed to do?

Mr. CARP. I told him just my project, what I had to do; that I had this order: that it would be very beneficial for this country. It was at a time when this country needed work. I personally would make quite a few dollars from it, and everybody would be satisfied; that we wanted to do everything in a legal way, not illegal.

Mr. WHITLEY. In other words—

Mr. CARP. In other words, we didn't want to steal the plans. Somebody might come in and say that we stole the plans. I didn't want that.

Mr. WOLF. There was a great deal of work involved in that. It is a vast undertaking for anybody.

Mr. CARP. He had to go to Washington every day.

Mr. WOLF. It is a tremendous undertaking for everybody.

The CHAIRMAN. Mr. McGoodwin has not been underpaid, then?

Mr. CARP. No, sir.

Mr. WOLF. Well, I don't know. I couldn't answer that. But from a legal point of view I would say yes; that any lawyer undertaking this has been underpaid for doing it.

Mr. STARNES. He would not have been underpaid, however, if he had gotten his share of the commission?

Mr. CARP. Oh, yes. Nobody would have been underpaid.

Mr. STARNES. He was to get considerable aside from this cash, Mr. Carp?

Mr. CARP. In addition to the cash he would get——

Mr. STARNES. That is, a part of the commissions also?

Mr. WOLF. That is right.

Mr. CARP. I would make \$2,000,000 for my work.

Mr. STARNES. How much did you tell him out of that money that he would get?

Mr. CARP. I told him that I would have a profit of 2 percent.

Mr. STARNES. And you would give him how much?

Mr. CARP. What?

Mr. STARNES. How much would you give him?

Mr. CARP. We did not agree on that. I told him I would pay him his expenses and he would stand a chance to make a hundred thousand dollars.

Mr. STARNES. You told Mr. McGoodwin that he would stand a chance to make a hundred thousand dollars?

Mr. CARP. Yes.

Mr. STARNES. And did you tell Mr. Ferris that he would stand a chance to make a hundred thousand dollars?

Mr. CARP. No; not Mr. Ferris. I didn't tell him already that he would take any chances.

Mr. WHITLEY. As a matter of fact, didn't you tell Mr. Ferris that if this project went through, he would make \$300,000?

Mr. CARP. I don't know. Maybe I did.

Mr. WHITLEY. You won't deny that you did?

Mr. CARP. Maybe.

Mr. WHITLEY. You suggested that?

Mr. CARP. Maybe.

The CHAIRMAN. You won't deny it?

Mr. CARP. I won't deny anything of that kind.

Mr. WHITLEY. But you won't admit that you did suggest it to Mr. Ferris?

Mr. CARP. What?

Mr. WHITLEY. As a matter of fact, didn't you make the definite proposition to him that if this thing goes through, "You will get \$300,000"?

Mr. CARP. He would get it? Ferris?

Mr. WHITLEY. Yes. That he would get \$300,000.

Mr. CARP. No, sir; no, sir.

Mr. WHITLEY. There will be further testimony along this line, Mr. Chairman.

The CHAIRMAN. All right.

Did you tell Mr. McGoodwin that if this thing went through he would get \$100,000?

Mr. CARP. Yes, sir.

The CHAIRMAN. What did you tell Mr. Ferris that he would get if it went through?

Mr. CARP. I don't recollect already what I told him.

The CHAIRMAN. Be frank about it.

Mr. CARP. I want to be frank, Senator. This is 2 years ago, and I talked to one and I talked to another. I told them I would make from this business \$2,000,000, and I wouldn't be hard to any of them. They can have a half or a quarter or 20 percent. That is what I told him. Anything that would be right.

And I told them that I would pay their expenses, every bit of them. This Ferris would be a lawyer. At the start Mr. Wolf used to go, and every day or every time that he went, it used to cost me \$200 for his expenses. So we thought we would have a man here who could do that and that Mr. Ferris could do that.

Mr. WHITLEY. Mr. Chairman, in view of Mr. Carp's statement that he did not retain Mr. Ferris until he had fired Mr. McGoodwin, I would like to read these payments once more from his own book.

The CHAIRMAN. All right.

Mr. WHITLEY. The first payment reflected by your books to Preston McGoodwin, Mr. Carp, is on June 28, 1937, in the amount of \$5,000.

Mr. CARP. Yes, sir.

Mr. WHITLEY. All right. According to your books, on September 2, 1937, of the same year, you paid Scott Ferris \$5,000.

Mr. CARP. Yes.

Mr. WHITLEY. You don't claim that your books are wrong because it is here twice?

Mr. CARP. I beg your pardon. I am telling you the way I told them, that—

Mr. WHITLEY. Let us get the chronology of the thing right.

Mr. CARP. All right.

Mr. WHITLEY. The next payment to either Mr. McGoodwin or to Mr. Ferris is June 24, 1938, on which date you paid Mr. McGoodwin \$20,000, and you paid Mr. Ferris on that date \$25,000.

Your entry for that payment to Mr. Ferris in your journal is just "To Ferris, June 24, 1938, cash fund, \$25,000." No; not cash fund. "Scott Ferris, \$25,000, to cash fund to record disbursements for the account of the U. S. S. R." In other words, on that date you, on account of or on behalf of the U. S. S. R., paid Mr. Ferris \$25,000, according to your books. And the next disbursement to Mr. Ferris was March 23, 1939, on which date you paid Mr. Ferris \$1,000. Do you remember that?

Mr. CARP. Yes, sir.

Mr. WHITLEY. How did you pay him that?

Mr. CARP. Check.

Mr. WHITLEY. By check?

Mr. CARP. Yes.

Mr. WHITLEY. That is the fund that you had obtained from the Amtorg?

Mr. CARP. Yes.

Mr. WHITLEY. Then on May 31, 1939, you paid him another \$1,000.

Mr. CARP. Yes, sir.

Mr. WHITLEY. How did you pay that?

Mr. CARP. Check.

Mr. WHITLEY. By check?

Mr. CARP. Yes.

Mr. WHITLEY. That makes a total of \$32,000 that you paid Mr. Ferris?

Mr. CARP. Yes, sir; I didn't have any more cash to pay, so I had to pay him by check.

Mr. WHITLEY. From September 2, 1937, until May 31, 1939—

Mr. CARP. Yes, sir.

Mr. WHITLEY. You paid Mr. Ferris \$32,000?

Mr. CARP. Yes, sir.

Mr. WHITLEY. For legal services?

Mr. CARP. Legal services; yes, sir.

Mr. WHITLEY. Just what did he do to earn that legal services?

Mr. CARP. He went for me to the Navy Department and the State Department; all over where it was necessary, where it was necessary to go, to represent my name. He is recorded there as my attorney now. He still represents me.

Mr. STARNES. You are a lawyer, are you not, Mr. Wolf?

Mr. WOLF. Yes.

Mr. STARNES. Are you practicing law in New York?

Mr. WOLF. In New York.

Mr. STARNES. But you couldn't handle this situation?

Mr. WOLF. It was beyond me. That requires an expert man, a man of great experience, a man who knows people and knows—this is not a simple job. This is a great undertaking. It is beyond my power as a lawyer.

Mr. STARNES. I quite agree with you. Go ahead.

Mr. WHITLEY. Was your statement that you didn't retain Mr. Ferris until you had fired Mr. McGoodwin? Is that correct, or not correct?

Mr. CARP. I beg your pardon. My statement is true, but I can get things mixed up.

The CHAIRMAN. There is no use arguing.

Mr. CARP. I am not arguing. You can have your own way. But I told him after I got through, I told McGoodwin—I am telling you the truth. I don't want to lie.

Mr. WHITLEY. You told Mr. McGoodwin?

Mr. CARP. I told Mr. McGoodwin I was dissatisfied with his work. He told me, "I will give you a good man who will represent you," and he gave me this one.

If I got this one after or before, I don't know.

Mr. WHITLEY. According to your books—

Mr. CARP. According to my mind—

Mr. WHITLEY. According to your records, you employed Mr. Ferris about 8 or 9 months before you made your last payment to Mr. McGoodwin. So we will accept your books, if you will.

Mr. CARP. I think they are wrong, but you can accept it that way. I think it is wrong. I think he has made an error—the accountant.

Mr. WHITLEY. It is in your books.

Mr. CARP. All right. You can have your way. I didn't write those books. I have no argument.

Mr. WHITLEY. Do you remember the exact date on which the State Department approved the sending of these battleship plans to Russia?

Mr. CARP. I don't know. I couldn't tell you. I don't know. Only I know when I went to Mr. Gibbs and he told me he will try to get the approval of the State Department.

He said that he got it. I don't know the date, and I don't know anything about it.

Mr. WHITLEY. Did Mr. Ferris or Mr. McGoodwin put you in touch with anyone at the State Department?

Mr. CARP. No, sir; that was already Mr. McGoodwin's business. He is the one that had to send the plans, and he was to get——

Mr. WHITLEY. You didn't talk to anyone at the State Department yourself?

Mr. CARP. No, sir.

Mr. WHITLEY. Do you know whom Mr. Ferris or Mr. McGoodwin saw with reference to getting these plans approved?

Mr. CARP. Mr. Green, for a time.

Mr. WHITLEY. Mr. Green?

Mr. CARP. Yes, sir; he was the one——

Mr. WHITLEY. You don't know whether Mr. Green was the Under Secretary or any ranking official?

Mr. CARP. I don't know anything about him. I don't think so.

The CHAIRMAN. You were not there, were you?

Mr. CARP. No, sir; he also used to tell me that he talked to Green.

Mr. WHITLEY. Mr. Dalinda didn't put you in touch with Mr. Ferris?

Mr. CARP. No.

Mr. WHITLEY. He put you in touch with Mr. McGoodwin?

Mr. CARP. Yes.

Mr. WHITLEY. And then Mr. McGoodwin put you in touch with this other man?

Mr. CARP. The two of them, McGoodwin and Dalinda, put me in touch with Mr. Ferris.

Mr. WHITLEY. Dalinda put you in touch with both of them?

Mr. CARP. Yes—no—when I talked to Mr. McGoodwin, they were always together. Dalinda and McGoodwin.

Mr. WHITLEY. They were always together?

Mr. CARP. Yes; and Dalinda and McGoodwin put me in touch with Ferris. But mostly Mr. McGoodwin is the one who put me in touch with Ferris.

Mr. WHITLEY. You wouldn't say that Mr. McGoodwin didn't have anything to do with putting you in touch with him?

Mr. CARP. No, sir.

Mr. WHITLEY. Explain how you did get in touch with Mr. Ferris.

Mr. CARP. After I got dissatisfied and I told Mr. McGoodwin, I asked him to get off with this work——

Mr. WHITLEY. Just be a little more specific. After you became dissatisfied with Mr. McGoodwin——

Mr. CARP. His work. I told him so——

Mr. WHITLEY. But you had already retained Mr. Ferris 8 or 9 months before, according to your books.

The CHAIRMAN. Well——

Mr. WHITLEY. Well, how did you get in touch with Mr. Ferris in the first instance?

Mr. CARP. Mr. McGoodwin brought him to me.

Mr. WHITLEY. Mr. Dalinda didn't have anything to do with that?

Mr. CARP. Maybe he had.

Mr. WHITLEY. Maybe he had? Well, you know whether he did or not, don't you?

Mr. CARP. I think he had something to do with it.

Mr. WHITLEY. You think he did?

Mr. CARP. Yes.

Mr. WHITLEY. Did he ever tell you that Mr. Ferris had represented him?

Mr. CARP. No, sir.

Mr. WHITLEY. He didn't?

Mr. CARP. He did not.

Mr. WHITLEY. Did he ever introduce you two in his office, or did you ever talk to Mr. Ferris in his presence?

Mr. CARP. If I talked to him? Yes.

Mr. WHITLEY. You talked to Mr. Ferris in Mr. Dalinda's presence?

Mr. CARP. Yes.

Mr. WHITLEY. How long was that after you had retained Mr. Ferris, or was it at the time that you retained him?

Mr. CARP. At the time I think I retained him. Maybe about 2 months later.

Mr. WHITLEY. At the time you retained Mr. Ferris, Mr. Dalinda was present?

Mr. CARP. Yes.

Mr. WHITLEY. Was Mr. McGoodwin present?

Mr. CARP. Yes.

Mr. WHITLEY. He was present, too?

Mr. CARP. Yes.

Mr. WHITLEY. Mr. Dalinda and Mr. McGoodwin brought you to Mr. Ferris?

Mr. CARP. No. They brought, I think, Mr. Ferris to my hotel here in Washington.

Mr. WHITLEY. To your hotel?

Mr. CARP. Yes.

Mr. WHITLEY. And that is where you retained him?

Mr. CARP. That is right. They told me that this would be the right man to represent me.

Mr. WHITLEY. To represent you?

Mr. CARP. Yes.

Mr. WHITLEY. And you retained him at that time?

Mr. CARP. Yes.

Mr. WHITLEY. Mr. Dalinda didn't ever introduce Mr. Ferris to you under any name other than Mr. Ferris, did he?

Mr. CARP. No, sir.

Mr. WHITLEY. None at all?

Mr. CARP. None at all.

Mr. WHITLEY. Did he ever refer to Mr. McGoodwin by some other name?

Mr. CARP. Yes—no—he didn't call him; I think he always called his "Minister." I don't know why. He always called him these—

always—never called him “Mr. McGoodwin,” on the telephone or any time. He called him “Minister.” I think he was a representative of some kind, to South America, of some kind.

Mr. WHITLEY. As a matter of fact, Mr. Dalinda is really the one who got you in touch with both of them, isn't he?

Mr. CARP. Well, you can have it that way, if you want to.

Mr. WHITLEY. What is the name of your accountant, the man who keeps your records, books, for you?

Mr. CARP. As it happens, his name is Wolf.

Mr. WOLF. William M. Wolf.

Mr. CARP. He is a nephew of Mr. Wolf's.

The CHAIRMAN. After the battleship plans fell through, Russia began to build her own vessels? Isn't that right?

Mr. CARP. Maybe they built them before.

The CHAIRMAN. I am talking about afterward. Don't you know as a matter of fact that they began to build their own battleships?

Mr. CARP. Yes.

The CHAIRMAN. Do you also know that she has had in process a superbattleship, a very large one?

Mr. CARP. I don't know.

The CHAIRMAN. But you have heard them talk about it? You have heard it discussed recently, haven't you?

Mr. CARP. I don't know.

The CHAIRMAN. You don't know that they have in process—

Mr. CARP. I have been told that they are building not only one battleship, but battleships.

The CHAIRMAN. You know that they are building a very large battleship?

Mr. CARP. No, sir; I never heard that. Never heard that.

The CHAIRMAN. Now, after counsel for the committee investigated and went to your offices the other day, whom have you talked to since then?

Mr. CARP. I talked to Mr. McGoodwin and I talked to Mr. Ferris.

The CHAIRMAN. And whom else did you talk to?

Mr. CARP. Nobody else.

The CHAIRMAN. No one except Mr. McGoodwin?

Mr. CARP. Well, I called them and I told them that I have this subpoena in this case.

The CHAIRMAN. Those are the only ones that you talked to?

Mr. CARP. Those are the only ones I talked to, and Mr. Wolf, except my wife.

The CHAIRMAN. Anyone at the Amtorg?

Mr. CARP. At the Amtorg?

The CHAIRMAN. Yes.

Mr. CARP. Yes.

The CHAIRMAN. You told them about it?

Mr. CARP. Yes.

The CHAIRMAN. Did you talk to anyone at the Soviet Embassy about it?

Mr. CARP. No; I was never at the Soviet Embassy.

The CHAIRMAN. Are you sure about that?

Mr. CARP. No, sir.

The CHAIRMAN. You didn't talk to them?

Mr. CARP. Not with anyone except—not even at the Amtorg Co., only to the girl. There was nobody of the officials. I told the girl that I am subpoenaed in Washington.

The CHAIRMAN. You know that the Amtorg is the official trading representative of the Soviet Government, don't you?

Mr. CARP. Yes.

The CHAIRMAN. Is there any other trading representative of the Government outside of the Amtorg?

Mr. CARP. I think they have something. I don't know just exactly, but I have an idea that they have.

Mr. WOLF. I believe that there is a textile company.

The CHAIRMAN. A textile company?

Mr. WOLF. Yes.

Mr. STEARNS. What is the name of that, Mr. Wolf?

Mr. WOLF. I haven't any idea.

Mr. STEARNS. Where is that located?

Mr. WOLF. Somewhere in town.

The CHAIRMAN. But the Amtorg covers everything? It can buy anything? Is that right?

Mr. CARP. I think so.

The CHAIRMAN. Well, they do buy almost everything for the Soviet Government?

Mr. CARP. Yes.

Mr. WOLF. I understand that there is a treaty made whereby the Amtorg is obligated to buy about \$30,000,000 worth.

The CHAIRMAN. They may buy anything?

Mr. WOLF. But they can buy anything.

The CHAIRMAN. It is not confined to any one thing?

Mr. WOLF. No; I don't think so.

The CHAIRMAN. Now, you said here that around \$100,000 in cash was given you, and you brought it to the United States. Do you know of other instances of that kind that happened to others?

Mr. CARP. I don't know anything about that.

The CHAIRMAN. Did they tell you that they were in the habit of doing that?

Mr. CARP. No.

The CHAIRMAN. Did you hear about that in Russia?

Mr. CARP. No, sir; I never inquired. I don't bother about those things; just my own business.

Mr. VOORHIS. Why didn't they buy these things from the Amtorg that you were buying? I mean, why did they have to have you buy them?

Mr. CARP. I think that I sold them the idea. That is all I think. I might make a good salesman, but I am very bad at putting through the thing. I think I sold them the idea.

The CHAIRMAN. When you got this hundred thousand dollars, at the time, did you give them a receipt for it?

Mr. CARP. What?

The CHAIRMAN. Did you sign a receipt for it?

Mr. CARP. Yes, sir.

The CHAIRMAN. Then when you paid it out, did you demand a receipt also for it? When you gave McGoodwin the money, did you get a receipt?

Mr. CARP. I think that I did; yes, sir.

The CHAIRMAN. You got a receipt from McGoodwin?

Mr. CARP. Yes, sir.

The CHAIRMAN. And Ferris, both?

Mr. CARP. I think I got one from Ferris.

Mr. WOLF. We probably have those.

Mr. CARP. I think we got them.

The CHAIRMAN. Do you have any receipts with you?

Mr. CARP. No.

Mr. WOLF. No.

The CHAIRMAN. If you find the receipts, will you send them to us?

Mr. WOLF. We will send photostat copies.

Mr. CARP. Yes.

The CHAIRMAN. If you don't send them, we will know that you don't have any receipts.

Mr. WOLF. Whatever receipts we have we will send.

Mr. CARP. We will check those and see what we have got.

Mr. WOLF. If I am not mistaken, I think it was the policy to send whatever receipts we secured when we paid bills to Russia. So we may not have any of these things.

Mr. CARP. Maybe we don't have any.

The CHAIRMAN. You sent them to Russia?

Mr. WOLF. That is right. Every one that we had.

The CHAIRMAN. If Mr. McGoodwin or Mr. Ferris gave you receipts, you think that in the normal course you would send them to Russia?

Mr. CARP. Yes.

The CHAIRMAN. Because it was Russian money and they demanded that you show what you used it for?

Mr. CARP. I think so.

Mr. WOLF. All of these were commercial matters, and they were also on the same basis. They asked receipts for payments and had to be forwarded, together with proof of delivery, to Russia.

The CHAIRMAN. Then you have no receipts?

Mr. WOLF. We personally would not have. They would be sent to Russia.

The CHAIRMAN. Then you haven't any?

Mr. WOLF. I don't think we have any.

The CHAIRMAN. Because you sent them?

Mr. WOLF. We have sent these back as evidence of payment.

Mr. WHITLEY. You did have to make an accounting to Russia?

Mr. CARP. Absolutely; on everything. I sent that over.

The CHAIRMAN. Have you any more questions?

Mr. WHITLEY. How often did you maintain contact with the Soviet Government concerning specifications or whether or not purchases would be acceptable to them? Did you write to them?

Mr. CARP. No. If I didn't have an expert here, I went to the Amtorg and I had the benefit of their experts.

Mr. WHITLEY. Oh, I see. You used men from the Amtorg?

Mr. CARP. From the Amtorg always.

Mr. WHITLEY. You didn't have any direct dealings with Russia? They were all on a commercial basis?

Mr. CARP. Yes, sir. No; I didn't have any with the Government except with the purchasing officials.

Mr. WHITLEY. In other words, you didn't have to wire to Russia and say, "Is it all right for me to buy \$50,000 worth of airplane equipment?"

Mr. CARP. No, sir. The order was given to me while I was there.

Mr. WHITLEY. They told you while you were there what to do?

Mr. CARP. Yes. I would get orders of different things to buy.

Mr. WHITLEY. You came over and made the purchases that they ordered you to?

Mr. CARP. Yes.

Mr. WHITLEY. And you drew funds from the Amtorg?

Mr. CARP. Drew funds from Rosoff. In fact, I didn't draw my funds from Amtorg. I don't know if they gave me Amtorg money. It was in the name of Rosoff. He don't give me checks there from the Amtorg. It was from Mr. Rosoff.

Mr. STEARNS. From him personally?

Mr. CARP. Yes.

Mr. WHITLEY. You mean that he had a special fund?

Mr. CARP. He had a special fund for that purpose.

Mr. WHITLEY. It wasn't just the Amtorg's general fund?

Mr. CARP. No. It was a special fund.

Mr. WHITLEY. Do you know whether the Soviet Government set up a special fund for him to draw on?

Mr. CARP. No.

Mr. WHITLEY. For Mr. Rosoff?

Mr. CARP. No.

Mr. WHITLEY. You don't know.

Mr. CARP. Except the way I explained before, that each trust buys their own. Each trust does its own buying or purchasing, and they send them money for that. Another trust, they send their money for it—each trust. In fact, the Government does not buy those things. Each trust buys separately, and they receive money from each trust.

Dr. MATTHEWS. Mr. Carp, did you receive at any time a memorandum from Mr. Dalinda on the subject of your representative in Washington here?

Mr. CARP. A memorandum from Dalinda?

Dr. MATTHEWS. A memorandum from Dalinda?

Mr. CARP. I don't think so. The only memorandum, he wanted to be the representative of some boat company here and sent me a memorandum.

Dr. MATTHEWS. Did you ever see this memorandum [showing a paper to the witness]—this copy of a memorandum dated October 12, 1937?

Mr. CARP. No.

Dr. MATTHEWS. Did you ever see that?

Mr. CARP. No, sir.

The CHAIRMAN. You never saw a copy of any such memorandum?

Mr. CARP. No.

Dr. MATTHEWS. He said that he never saw it.

The CHAIRMAN. So he doesn't know about it?

Mr. CARP. Let me read a bit of it. I don't think I ever have. What is it all about?

The CHAIRMAN. Well, you read it. We will recess for just a few minutes.

(A short recess was taken.)

Mr. WHITLEY. Mr. Chairman, there are a few other expenditures that I want to get identified by Mr. Carp.

The CHAIRMAN. All right.

Mr. WHITLEY. Then I want him to identify some material.

The CHAIRMAN. All right.

Mr. WHITLEY. Mr. Carp, under date of November 9, 1937, there is a disbursement to W. L. Maxon.

Mr. CARP. Yes, sir.

Mr. WHITLEY. In the amount of \$4,000.

Mr. CARP. Yes, sir.

Mr. WHITLEY. Who is Mr. Maxon?

Mr. CARP. Mr. Maxon is an industrial engineer.

Mr. WHITLEY. An industrial engineer?

Mr. CARP. Yes, sir.

Mr. WOLF. His place of business is on Long Island and in New York.

Mr. CARP. And he did for us some work. I don't recall exactly what.

Mr. WHITLEY. What was the nature of the work?

Mr. WOLF. Maxon was an inventor, and I believe that Maxon was the chief consulting engineer with the Fairchild Co., and we bought a lot of material from Maxon. It was Maxon something and Maxon something else. Most of the items that you see under Fairchild were Maxon's inventions.

Mr. WHITLEY. In other words, Maxon——

Mr. WOLF. And he may have got some extra money for one of these items.

Mr. WHITLEY. In other words, Maxon invented a lot of the equipment?

Mr. CARP. Yes.

Mr. WHITLEY. Used by the Fairchild Co.?

Mr. CARP. Yes.

Mr. WOLF. And parts of planes all over the world. We have the Maxon compass and the Maxon airplanes——

Mr. WHITLEY. But does he actually sell them himself or does he just take royalties?

Mr. WOLF. He sells and also gets royalties. I suppose.

Mr. CARP. He did some work for us—engineering. I don't recollect just exactly what it was.

Mr. WHITLEY. You have on that date a \$4,000 payment to Mr. Maxon.

Mr. CARP. That is some engineering that he did for us.

Mr. WHITLEY. Technical work?

Mr. CARP. Technical work.

Mr. WHITLEY. In connection with those planes?

Mr. CARP. That is right.

Mr. WHITLEY. You say he has invented a great number of technical instruments?

Mr. CARP. Yes.

Mr. WOLF. He is well known the world over. He is one of the outstanding engineers.

Mr. WHITLEY. That item then—that \$4,000—represents services rendered?

Mr. CARP. Yes.

Mr. WOLF. By Maxon. That is services rendered.

Mr. WHITLEY. Technical services?

Mr. WOLF. Technical services.

Mr. CARP. That is right.

Mr. WHITLEY. Now, there is an item here, on December 30, 1937, \$10,000 to Gibbs & Cox, Inc. That is the architects?

Mr. WOLF. That is correct.

Mr. CARP. Yes.

Mr. WHITLEY. I will give the total amount received.

The CHAIRMAN. What is that?

Mr. WHITLEY. There are twenty-some items, Mr. Chairman, and I will give the total for this individual organization just for the record in a few minutes.

Mr. CARP, there were 20 items all December 30, 1937, payable to Gibbs & Cox, Inc. Was that a check or cash?

Mr. CARP. That check was canceled. It was not delivered. We tore up that check.

Mr. WHITLEY. You didn't correct your entries in your book?

Mr. CARP. What?

Mr. WHITLEY. You didn't correct the entries in your book?

Mr. WOLF. When was that made?

Mr. WHITLEY. December.

Mr. CARP. There could not be any entry.

Mr. WOLF. You can easily find in the ledger that it was canceled, or maybe in the check book. One or the other. What is the date on that?

Mr. WHITLEY. December 30, 1937.

Mr. WOLF. I am quite sure that that was canceled.

Mr. WHITLEY. Well, maybe we will find it a little later, Mr. Wolf.

Mr. WOLF. I think that you will find it was canceled or re-deposited or something like that.

Mr. CARP. I think it was canceled.

The CHAIRMAN. While you are looking for that: Did you have a record of your telephone calls during this period when you were trying to get the battleship plans approved here in Washington? Did you call anyone except Mr. McGoodwin in Washington and Mr. Ferris?

Mr. CARP. I called Mr. Green maybe once.

The CHAIRMAN. You called Mr. Green?

Mr. CARP. Once.

The CHAIRMAN. Direct?

Mr. CARP. Yes.

The CHAIRMAN. How many times did you call Mr. Green?

Mr. CARP. I don't know how many times. Maybe once.

Mr. WOLF. I wouldn't remember. I have no idea.

The CHAIRMAN. How many times did you call him?

Mr. CARP. I wouldn't remember. Maybe two or three times.

The CHAIRMAN. Are you positive you didn't call him over three times?

Mr. CARP. I don't think so.

The CHAIRMAN. You don't think so?

Mr. CARP. No.

The CHAIRMAN. Who else did you call besides Mr. Green, Mr. McGoodwin, and Mr. Ferris?

Mr. CARP. I don't recollect calling anybody. Maybe Mr. Pulson.

Mr. WOLF. I wouldn't remember. We wouldn't call anybody, I don't think.

The CHAIRMAN. You don't think you called anybody but those three?

Mr. CARP. Those three.

The CHAIRMAN. Here in Washington?

Mr. CARP. Yes.

The CHAIRMAN. You didn't call any other officials in the State Department?

Mr. CARP. No.

Mr. CARP. No.

The CHAIRMAN. Or the Navy Department?

Mr. CARP. No.

The CHAIRMAN. Or the War Department?

Mr. CARP. No, sir.

The CHAIRMAN. Or any Member of Congress or Senator?

Mr. CARP. No, sir.

The CHAIRMAN. During that period?

Mr. CARP. No, sir.

The CHAIRMAN. You are quite positive of that?

Mr. CARP. Positive of that.

The CHAIRMAN. You are positive that you only called the three that you have mentioned?

Mr. CARP. Just the three. That is all. I don't think I ever called any Congressman or Senator.

The CHAIRMAN. You don't think you did? Don't you know?

Mr. CARP. No, sir. I would say no.

The CHAIRMAN. You know you didn't?

Mr. CARP. No, sir.

The CHAIRMAN. You know you didn't call anybody but Mr. Green down in Washington?

Mr. CARP. Mr. Green. That is all.

The CHAIRMAN. Down in——

Mr. CARP. That is, in the State Department, the Board of Control, ammunition.

The CHAIRMAN. All right. Go ahead.

Mr. WHITLEY. All right. Let me run through these items.

The CHAIRMAN. Mr. Wolf, while we are waiting, Did you call anyone during that period? Do you know whether you called anyone?

Mr. WOLF. I did very little talking after Mr. Ferris and Mr. McGoodwin came into the picture. In other words, I relied upon them, and I confined myself to more or less routine work in connection with this. I am also a practicing lawyer, practicing law. I am a busy lawyer, and I have very little time to devote to that except spare time.

But for your own knowledge, I have never spoken to any Congressman or any Senator or anybody in the State Department.

I may have called Mr. Green once and spoken to Mr. Green. I saw him on several occasions in Washington. I might have called him on the telephone once or twice. Perhaps more. Perhaps not at all. I wouldn't say. Someone else might have called him in my presence, and I might have thought I called him.

The CHAIRMAN. Do you know anyone else in the office that would make calls to Washington besides you?

Mr. WOLF. The only man that might have called might have been Mr. Rhodes. But then I wouldn't know.

The CHAIRMAN. Would he call over your telephone?

Mr. WOLF. He probably would, because, you see, it was a large switchboard. I wouldn't know.

The CHAIRMAN. I mean, would he charge it to your telephone?

Mr. WOLF. Oh, yes; it would go through the switchboard, naturally.

The CHAIRMAN. How many others would have the right to charge that to your telephone?

Mr. WOLF. Oh, any member of the office who was employed there at the time had the privilege to use the telephone. They all had telephones. Each one of them had a telephone.

The CHAIRMAN. You didn't have anybody but Colonel Thompson.

Mr. WOLF. You mean these specialists. Colonel Thompson. Yes. He might have called. I wouldn't know.

The CHAIRMAN. And Captain Rhodes?

Mr. WOLF. Commander Rhodes.

The CHAIRMAN. He had authority to make calls?

Mr. WOLF. Yes.

The CHAIRMAN. Who else was in the office besides them?

Mr. WOLF. Of the technical men, nobody else.

The CHAIRMAN. The rest were just clerical?

Mr. WOLF. Clerical.

The CHAIRMAN. Would they have the authority to call Washington?

Mr. WOLF. The clerks? No; not that they had. I doubt that they had.

The CHAIRMAN. Nobody but these would have the authority to call Washington.

Mr. WOLF. No.

The CHAIRMAN. Except them?

Mr. WOLF. Rhodes.

The CHAIRMAN. The two technical men?

Mr. WOLF. Yes.

The CHAIRMAN. The experts that you had employed?

Mr. WOLF. That is right. These inquiries used to be made when these planes were coming through, to find out what is next to be done.

The CHAIRMAN. They were all dealing with the planes?

Mr. WOLF. That is right.

The CHAIRMAN. All right.

Mr. WHITLEY. Mr. Chairman, I want to get into the record, or for the record, the total amount of receipts from the U. S. S. R.

The CHAIRMAN. Do you mean now? I want to ask a few more questions, anyhow.

Did you have anything to do with the—you remember when the Soviet Union was recognized by the United States?

Mr. CARP. Yes.

The CHAIRMAN. Were you involved in this respect in the campaign to bring about that recognition?

Mr. CARP. No, sir.

The CHAIRMAN. You didn't have anything to do one way or the other with that?

Mr. CARP. No, sir.

The CHAIRMAN. You were not a member of the Friends of the Soviet Union?

Mr. CARP. No, sir.

The CHAIRMAN. You never at any time conferred with anybody with respect to that campaign?

Mr. CARP. No, sir.

The CHAIRMAN. And the only connection you have had with the Russian Government are the connections that you have told us about here?

Mr. CARP. Yes, sir.

Mr. WHITLEY. Mr. Chairman, according to the ledger of the Carp Export & Import Corporation, the total receipts from the U. S. S. R. which have passed through the books for the period of July 1936, I believe that being the first cash receipt entry—let me check that. That is right—that passed through the books was, from July 1936 to December 31, 1938, were \$616,376.24. That figure, of course, does not include the \$100,000 which Mr. Carp brought over in two \$50,000 installments and which he kept at his home, and which according to his testimony, as I recall it, did not pass through the books.

Mr. WOLF. They are reflected in the books, if you please.

Mr. WHITLEY. You mean, that amount?

Mr. WOLF. Certainly.

The CHAIRMAN. He has accounted for that?

Mr. WOLF. Absolutely. Dollar for dollar of it is in the books.

Mr. WHITLEY. Then the total amount reflected by the books——

The CHAIRMAN (interposing). Would include that?

Mr. WOLF. Certainly. Every dollar.

Mr. CARP. Every dollar.

The CHAIRMAN. Tell me this, Mr. Counsel: Does it show, the books there, that he bought anything at any time except something with reference to airplanes or munitions, or anything like that?

Mr. WOLF. No munitions, with the exception of the planes, that came with them.

The CHAIRMAN. You didn't buy any, make any commercial——

Mr. WOLF. All commercial work. Of this \$600,000, probably half a million represents all commercial items.

The CHAIRMAN. One-half of it represents commercial items?

Mr. WOLF. Half a million represents commercial items. The other hundred thousand probably represents payments of fees.

Mr. VOORHIS. What were the commercial items?

Mr. WOLF. Emery wheels, graphite, engines, airplanes, instruments of one type or another.

The CHAIRMAN. How much were the airplanes? What would they amount to?

Mr. WOLF. I believe they amounted to about \$200,000 or \$250,000. I don't know. It should be in there.

Mr. STARNES. He has already testified that they amounted to about \$250,000.

Mr. CARP. About \$250,000.

The CHAIRMAN. What I mean is, outside of airplanes and battle-ships, things that we might call armament or pertaining to war, what else?

Mr. WOLF. There is no armament. Never was any armament.

The CHAIRMAN. What were the airplanes?

Mr. WOLF. Well, I don't know what you mean if you call them armament. Do you mean instruments?

The CHAIRMAN. For what purpose?

Mr. CARP. They were bombers. They were armament.

Mr. WOLF. Were they?

Mr. CARP. Yes. They were bombers. They had bombs on them.

The CHAIRMAN. Wasn't everything for armed preparation?

Mr. WOLF. You would not call the graphite for armed preparation.

The CHAIRMAN. What else besides the graphite?

Mr. WOLF. That represents, I think, about \$100,000 for that or thereabouts. And emery wheels, which are used in ordinary commercial work for machine work.

The CHAIRMAN. Is that what they wanted that for—for machine work?

Mr. WOLF. For machine work. To turn it down to what they wanted it to be and refine or polish it.

The CHAIRMAN. Why didn't the Amtorg buy those things?

Mr. WOLF. I couldn't tell you.

Mr. CARP. I got the order. Maybe I got away from the Amtorg. That was my deal.

The CHAIRMAN. How much had to clear through the Munitions Control Board under a license?

Mr. CARP. What?

The CHAIRMAN. Do you have any idea how much of the total amount had to clear through the Munitions Board under a license?

Mr. WOLF. Nothing.

Mr. CARP. The airplanes.

Mr. WOLF. Except possibly the airplanes, because they might have one or two machine guns. But except for them they would not have to be cleared through the State Department.

Mr. MATTHEWS. Mr. Carp, are you acquainted with Mr. Miles Sherover?

Mr. CARP. No, sir.

Mr. MATTHEWS. You know nothing about him?

Mr. CARP. No, sir.

Mr. MATTHEWS. Have you ever had any contact with him?

Mr. CARP. No, sir.

Mr. MATTHEWS. Any correspondence?

Mr. CARP. I don't think so.

Mr. WOLF. Who is he?

Mr. MATTHEWS. Miles Sherover.

Mr. CARP. Does he represent any concern or something?

Mr. MATTHEWS. Yes.

Mr. CARP. What concern?

Mr. MATTHEWS. You know him or you don't know him.

Mr. CARP. I don't know him. Maybe he wrote me. I don't know.

Mr. MATTHEWS. Mr. Carp, have you ever described yourself in writing as "an agent of the shipbuilding trust of the U. S. S. R."?

Mr. CARP. An agent of the shipbuilding trust?

Mr. MATTHEWS. "An agent of the shipbuilding trust of the U. S. S. R."

Mr. CARP. No, sir.

Mr. MATTHEWS. Did you write a letter to Preston McGoodwin under date of June 9, 1937, in which you so described yourself?

Mr. CARP. No, sir.

Mr. WOLF. Definitely no.

Mr. WHITLEY. Mr. Chairman, I was looking in the ledger account for the Vultee, and I don't see that there is any such account in there.

Mr. WOLF. Look under the general.

Mr. CARP. Maybe they were under some development corporation.

Mr. WOLF. Look under the expenditures and the income. You will find it there. Here it is [indicating]. You have got them all there, all down the line.

Mr. WHITLEY. Here?

Mr. WOLF. All the way down the line. You have got them all there. It shows \$189,000 for the airplanes.

Mr. WHITLEY. Was that item important?

The CHAIRMAN. No.

Mr. WOLF. It is about \$189,000.

Mr. WHITLEY. Exclusively instruments?

Mr. CARP. Instruments.

Dr. MATTHEWS. There seems to have been a mistake in the date of that letter about which I just asked him.

Did you on June 29, 1937, write to Mr. Preston McGoodwin that you were an agent of the shipbuilding trust of the U. S. S. R.?

Mr. CARP. No, sir.

The CHAIRMAN. All right. Do you want to ask some further questions?

Mr. WHITLEY. Just some items here.

According to the ledger account, Mr. Carp, the corporation expended for traveling expenses from August 1936, until January 1938, I presume that is—

Mr. WOLF. 1939.

Mr. WHITLEY. Until January 1939, \$7,086.24.

Under the heading of research in the ledger is a total of \$3,833.90. That is June 1939, sundries items, merchandise, U. S. S. R., \$200, and W. L. Maxon, \$5,000.

Mr. WOLF. That is the one that we have found. That is for McGoodwin.

Mr. WHITLEY. Maxon is the one that you bought—

Mr. WOLF. Yes. He is internationally known.

Mr. WHITLEY. Inventions?

Mr. WOLF. An engineer. Well known.

Mr. WHITLEY. You have an account in the ledger here, "Cash fund." It starts in 1938, June, and ends in November 1938, with a total of \$76,275.12, posted to that account. What does that refer to?

Mr. WOLF. I haven't any idea.

Mr. WHITLEY. In other words, it is not a regular cash account? It says, "Cash fund."

Mr. WOLF. Wasn't it reflected in the general?

Mr. WHITLEY. This has to do with the—this is a payment made to Mr. McGoodwin [indicating on book].

In other words, then, that \$20,000 item that is described in the journal here is the receipt of the \$20,000 paid to Mr. McGoodwin?

Mr. WOLF. That is the receipt of the total amount of money. It is all under one date. It has not been recorded subsequently, that \$100,000.

Mr. WHITLEY. In other words, payments made to Mr. McGoodwin and Mr. Ferris were not recorded at the time made?

Mr. CARP. At the time we paid them.

Mr. WOLF. That is right.

Mr. WHITLEY. They were not recorded there?

Mr. CARP. Not on the date. I told the accountant maybe 3 months later or 6 months later.

Mr. WHITLEY. They were recorded some time later?

Mr. CARP. Yes, sir.

Mr. WHITLEY. That is the reason they are over in the journal and not in the cash book?

Mr. CARP. Yes.

Mr. WHITLEY. That is what I wanted to get.

There is another account here captioned "U. S. S. R. No. 2" for \$75,000. Do you know what that refers to?

Mr. CARP. That is the same thing.

Mr. WOLF. That is a part of the same entry.

Mr. WHITLEY. That is part of the same thing? That is a debit entry?

Mr. WOLF. That is right.

Mr. WHITLEY. In other words, those funds were not recorded for payment until later?

Mr. CARP. Later.

Mr. WHITLEY. Some time after they were made?

Mr. CARP. Yes.

Mr. WHITLEY. That is all I have in that connection.

The CHAIRMAN. All right. Have you any other things that you wanted to ask?

Mr. WHITLEY. Mr. Chairman, I refer to this memorandum dated October 12, 1937, which Mr. Carp could not identify. I am not asking him now to identify the items or the memorandum itself. I am going to read certain excerpts or portions from this memorandum and ask him if those incidents did occur.

The CHAIRMAN. And you will later prove up the memorandum?

Mr. WHITLEY. I later hope to be able to have the memorandum identified by other parties.

The CHAIRMAN. All right.

Mr. WHITLEY. Reading from page 3:

I immediately got in touch with my friends in Washington, and Mr. Scott Ferris communicated at once with Secretary of State Hull, who called in Green, but thought that he gave sufficient encouragement to Leonard for the Bethlehem to take the order. But, anyhow, orders came that Green should see Leonard at once and tell him that if he didn't understand the meaning of their interview, that it is the desire of the Government that the Bethlehem should take the order, and there is not only no objection, but there is a distinct wish to that effect. Scott Ferris is the national committeeman from Oklahoma, is employed by me on this particular job because he was in Congress together with Hull for 14 years, and is a close friend of his for 30 years, also because he is sufficiently close to the President, all of which Carp and Wolf are well aware.

Were you aware of those facts, Mr. Carp, the facts related there concerning you?

Mr. WOLF. May I answer that for myself, because my name is mentioned?

Mr. WHITLEY. Yes.

Mr. WOLF. I never heard of all these things until now. That is the first I heard of all these names. I don't know who Leonard is also. I have never heard of him.

Mr. WHITLEY. You don't know who Leonard is?

Mr. WOLF. No. I never saw Mr. Hull except once when I was introduced to him; and he said "Hello," and we were ushered right out.

Mr. WHITLEY. This statement here, that mentions your name and Mr. Carp's is in this sentence: "Scott Ferris is the national committeeman from Oklahoma——"

Mr. CARP. Was I mentioned there?

Mr. WHITLEY. No.

Mr. WOLF. I met Mr. Scott first subsequent to his being retained. I never knew he was a national committeeman. It wouldn't have made much difference whether he was or not. The question was what his ability was in order to push the thing through. Beyond that I wasn't interested in what he had done or what he was.

Mr. WHITLEY. In other words, you didn't know all those facts that are set out here?

Mr. WOLF. No.

Mr. WHITLEY. And the party making the memorandum, when he said, "All of which Carp and Wolf are well aware"—that is misleading?

Mr. WOLF. I don't know who made the memorandum, but it is not true.

Mr. WHITLEY. Reading from page 3 of this same memorandum. This mentions your name, Mr. Wolf. I will ask you if this correctly records the situation.

Soon after, and I don't remember the exact date, Wolf called me up and told me that he had another talk with Wakeman, "about an hour and a half," and that Wakeman promised to give a definite answer in about 10 days.

Do you know who Mr. Wakeman is?

Mr. WOLF. Oh, yes.

Mr. WHITLEY. Who is Mr. Wakeman?

Mr. WOLF. He is the vice president of the Bethlehem Shipbuilding Co.

Mr. WHITLEY. And you had had a talk with Mr. Wakeman?

Mr. WOLF. Oh, I have had numerous talks with him. I probably had 20 or 30 discussions with him.

Mr. WHITLEY (reading):

This 10-day period will end some time this week. In the meantime Mr. Ferris had numerous conferences with the State Department, and the last with Secretary of State Hull on Saturday evening at his home, and later with Hull and Green on Monday, at the State Department. Secretary Hull suggested to Ferris, and here I quote Ferris's wire to me, "When can you comply with Hull's suggestion so that Hull can personally arrange conference with Leahy, Acting Secretary of the Navy."

Mr. WOLF. I know nothing about that. That is what is called interoffice correspondence with somebody else outside of my office.

I think in fairness we ought to know who does the writing. After all is said, we are being questioned upon somebody else's writing.

The CHAIRMAN. You can tell whether it is a true statement or not without knowing who wrote it.

Mr. WOLF. Yes.

Mr. WHITLEY. Mr. Chairman, I expect to have here the man who put Mr. Carp in touch with Mr. Ferris.

The CHAIRMAN. Will he be here tomorrow?

Mr. WHITLEY. He will be here tomorrow.

Mr. WOLF. I had very little to do with the gentleman; so it is all right.

Mr. WHITLEY. Now, in connection with the memorandum which I have just read, I will ask Mr. Carp if he can identify these photostat copies of two telegrams. Have you ever seen these telegrams [handing two papers to the witness]?

Mr. CARP. No, sir.

Mr. WHITLEY. You have never seen those?

Mr. CARP. No, sir.

Mr. WHITLEY. Have you ever seen them, Mr. Wolf [handing the telegram to Mr. Wolf]?

Mr. WOLF. I never saw them.

The CHAIRMAN. Do I understand that both denied that they have seen the telegrams?

Mr. WHITLEY. The telegrams are not addressed to them, but they have to do with the situation to which I have just referred; and I think perhaps they had—these telegrams have been shown to them, even though they are not addressed to them.

Mr. WOLF. They are from Mr. Dalinda. I never saw them.

Mr. WHITLEY. One is from Mr. Dalinda and one to Scott Ferris.

Mr. WOLF. By Dalinda.

Mr. WHITLEY. No. By the Secretary of State.

Mr. CARP. We don't know anything about them.

Mr. WHITLEY. Mr. Chairman, I suggest that we wait until we can have these properly identified.

The CHAIRMAN. All right.

Mr. WHITLEY. Before we read them into the record.

The CHAIRMAN. Have you any more questions?

Mr. WHITLEY. There is considerable more material here, but judging from their failure to identify these other documents, I think for the same reason probably the witness would not be able to identify them.

The CHAIRMAN. The only reason I suggested asking the question would be to give them the opportunity to learn about these matters, because these will be new matters coming up.

Mr. STARNES. Why not have the gentlemen remain here?

Mr. WOLF. Mr. Chairman, we came here unprepared to stay over. We came on a special call. I think in fairness to us we ought to be allowed to go home.

Mr. CARP. I didn't even bring any pajamas with me. I cannot stay in a hotel without anything. I will come back any time you want me to.

Mr. MASON. Let us have a distinct understanding that if these gentlemen are not here to hear this testimony, which will probably involve them, they should understand that they will be called back later to refute it.

Mr. CARP. I will be glad to come.

Mr. WOLF. That is perfectly all right.

Mr. CARP. I will need no subpoena. I will come any time you want me. I have nothing to cover up.

The CHAIRMAN. All right. We will adjourn until tomorrow at 10 o'clock.

(Whereupon, at 5:50 p. m., an adjournment was taken until the next day, September 19, 1939, at 10 a. m.)

INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

TUESDAY, SEPTEMBER 19, 1939

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE,
UN-AMERICAN ACTIVITIES.
Washington, D. C.

The committee met at 2:20 p. m., Hon. Martin Dies (chairman) presiding.

Present: Messrs. Dies (chairman), Starnes, Voorhis, Dempsey, and Mason.

Present also: Mr. Rhea Whitley, counsel to the committee; J. B. Matthews, Director of Research.

The CHAIRMAN. The committee will come to order. Who is your first witness, Mr. Counsel?

Mr. WHITLEY. Mr. Dalinda.

The CHAIRMAN. Mr. Dalinda, will you please come around? Raise your right hand: You solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DALINDA. Nothing but the truth, so help me God.

Mr. DIES. Now, Mr. Dalinda, you will be asked questions by the counsel, and the committee will ask you to make your answers responsive to the questions. You, of course, are under oath, and the committee is going to expect you to be absolutely frank in your statements regardless of who is involved. You understand that?

Mr. DALINDA. I understand that.

The CHAIRMAN. You are to tell this committee the full and complete truth about all those transactions?

Mr. DALINDA. I appreciate that.

TESTIMONY OF JOSEPH ZIONSON DALINDA, NEW YORK CITY

(The witness was sworn by the chairman.)

Mr. WHITLEY. What is your full name?

Mr. DALINDA. Joseph Zionson Dalinda.

Mr. WHITLEY. What is your present address?

Mr. DALINDA. Business, 551 Fifth Avenue, New York City.

Mr. WHITLEY. What is your residence?

Mr. DALINDA. Home residence, Great Neck, Greenwalt Park, 25.

Mr. WHITLEY. And what is your present business, Mr. Dalinda?

Mr. DALINDA. I am—my business is patent developments.

The CHAIRMAN. Patent developments?

Mr. DALINDA. Yes.

Mr. WHITLEY. You buy and sell patents?

Mr. DALINDA. Buy and sell, and mostly develop my patents.

Mr. WHITLEY. Are you in business by yourself?

Mr. DALINDA. By myself.

Mr. WHITLEY. Any partner?

Mr. DALINDA. No partner.

Mr. WHITLEY. Have you a corporation?

Mr. DALINDA. I have a corporation.

Mr. WHITLEY. You operate a corporation?

Mr. DALINDA. No; I am not personally operating myself, but I control corporations.

Mr. WHITLEY. Oh, you control corporations?

Mr. DALINDA. Yes.

Mr. WHITLEY. I see. When did you first come to the United States, Mr. Dalinda?

Mr. DALINDA. 1915.

Mr. WHITLEY. 1915?

Mr. DALINDA. October month.

Mr. WHITLEY. And are you an American citizen?

Mr. DALINDA. I am.

Mr. WHITLEY. When and where were you naturalized?

Mr. DALINDA. In Bronx County, N. Y., in 1925—or maybe 1924; I am not sure.

Mr. WHITLEY. Bronx County, N. Y., in 1924 or 1925?

Mr. DALINDA. Or 1925; yes.

Mr. WHITLEY. And where did you come from to the United States?

Mr. DALINDA. From Russia.

Mr. WHITLEY. From Russia?

Mr. DALINDA. Yes.

Mr. WHITLEY. And how long have you been a resident of the United States?

Mr. DALINDA. Now?

Mr. WHITLEY. Well, at the present time; yes.

Mr. DALINDA. I came here December 1936.

Mr. WHITLEY. In December?

Mr. DALINDA. Yes.

Mr. WHITLEY. 1936?

Mr. DALINDA. Yes.

Mr. WHITLEY. And where were you a resident prior to that time?

Mr. DALINDA. In Europe.

Mr. WHITLEY. In Europe?

Mr. DALINDA. Yes.

Mr. WHITLEY. Mr. Dalinda, relate for the committee, or to the committee, the places you have lived and the dates that you have lived there in the past 15 or 20 years.

Mr. DALINDA. I will go backward. In 1936 I was in France, in Belgium and in Holland. I sailed from Holland to the United States.

Mr. WHITLEY. And in what business were you engaged during that period?

Mr. DALINDA. I had a law case on hand then.

Mr. WHITLEY. A law case?

Mr. DALINDA. Yes.

Mr. WHITLEY. What type of law case?

Mr. DALINDA. Recovery on an estate.

Mr. WHITLEY. I see—on a family estate?

Mr. DALINDA. Yes; not my own; somebody else's.

Mr. WHITLEY. Someone else's?

Mr. DALINDA. Yes.

Mr. WHITLEY. And you were handling the recovery?

Mr. DALINDA. Yes; I was handling that.

Mr. WHITLEY. Through legal counsel in France?

Mr. DALINDA. Through legal counsel in Switzerland.

Mr. WHITLEY. In Switzerland?

Mr. DALINDA. Yes.

Mr. WHITLEY. Whose estate was it?

Mr. DALINDA. A family named Escher.

Mr. WHITLEY. And where did you live during 1937?

Mr. DALINDA. In New York, in the United States.

Mr. WHITLEY. In the United States, during 1937?

Mr. DALINDA. Yes.

Mr. WHITLEY. And in what business were you engaged at that time?

Mr. DALINDA. Patent business.

Mr. WHITLEY. I am going back—you are going back from 1936?

Mr. DALINDA. Yes.

Mr. WHITLEY. Where were you in 1935?

Mr. DALINDA. I was about 7 or 8 months in Europe then.

Mr. WHITLEY. Seven or eight months in Europe?

Mr. DALINDA. Yes; mostly in Switzerland.

Mr. WHITLEY. And what business were you engaged in at that time?

Mr. DALINDA. When I said before I was settling that law suit, I was also engaged in my patent business. That continued.

Mr. WHITLEY. You were carrying on your patent business at the same time?

Mr. DALINDA. Yes.

Mr. WHITLEY. So, during 1935 and 1936, you were in these various European countries you mentioned, settling this estate in Belgium—did you say?

Mr. DALINDA. In Switzerland.

Mr. WHITLEY. In Switzerland?

Mr. DALINDA. Yes.

Mr. WHITLEY. And carrying on your patent business?

Mr. DALINDA. Carrying on my patent business. I had my office here in America.

Mr. WHITLEY. Where were you in 1934?

Mr. DALINDA. In the United States.

Mr. WHITLEY. The entire year?

Mr. DALINDA. I think so.

Mr. WHITLEY. You think so?

Mr. DALINDA. Yes.

Mr. WHITLEY. And were you engaged in your patent business?

Mr. DALINDA. Patent business.

Mr. WHITLEY. At that time?

Mr. DALINDA. I represented then a Swiss banking corporation whose business was patents.

Mr. WHITLEY. And in 1933, where did you live?

Mr. DALINDA. I am sure I was part of the time here; I would not remember exactly the dates unless I am given some time to check up; but I was also in Europe for a short while.

Mr. WHITLEY. What countries of Europe did you visit?

Mr. DALINDA. France and Switzerland.

Mr. WHITLEY. Was that a pleasure trip, or were you there on business?

Mr. DALINDA. No; in connection with the patent business.

Mr. WHITLEY. In connection with the patent business?

Mr. DALINDA. Yes.

Mr. WHITLEY. In 1932, where did you live?

Mr. DALINDA. I have been in Europe a few months and the balance in the United States. I would not remember exactly how many months; I think it was about 2 months.

Mr. WHITLEY. Two months in Europe?

Mr. DALINDA. Yes; but I repeat I am not sure which months and how many months.

Mr. WHITLEY. You are not sure?

Mr. DALINDA. Yes.

Mr. WHITLEY. Were you over there on business?

Mr. DALINDA. Yes; also on the patent business.

Mr. WHITLEY. Patent business?

Mr. DALINDA. Yes.

Mr. WHITLEY. And what countries did you visit in 1932?

Mr. DALINDA. I was then in Switzerland, France, and Germany.

Mr. WHITLEY. And that was strictly in connection with your patent business?

Mr. DALINDA. Strictly in connection with my patent business.

Mr. WHITLEY. In 1931 where were you—in what countries outside of the United States did you visit or live in 1931?

Mr. DALINDA. I would not remember exactly—was it 1930, or 1931? Counsel, I am not sure I remember exactly. I was, before that time, about 4 years in Europe and I don't remember whether I came in 1931 or 1930 back to the United States. I think it was in 1931.

Mr. WHITLEY. You think you returned to the United States from 4 years over in Europe in 1931?

Mr. DALINDA. Yes.

Mr. WHITLEY. And during the time you were in Europe, where did you live?

Mr. DALINDA. I lived in Germany, Berlin, and France, Paris.

Mr. WHITLEY. And what business were you engaged in during that period?

Mr. DALINDA. Mostly the patent business.

Mr. WHITLEY. Mostly the patent business?

Mr. DALINDA. Yes.

Mr. WHITLEY. What else?

Mr. DALINDA. I had a law case.

Mr. WHITLEY. You had a law case? What was the nature of that case—another estate?

Mr. DALINDA. No; that was recovery from a bank of some money, and I settled it; the case was settled outside of court.

Mr. WHITLEY. The case was settled outside of court?

Mr. DALINDA. Yes.

Mr. WHITLEY. Was that some money you had in bank?

Mr. DALINDA. Yes.

Mr. WHITLEY. That you were trying to recover?

Mr. DALINDA. Some money the bank owed, that I considered owed me on an agreement.

Mr. WHITLEY. Some money you considered the bank owed you?

Mr. DALINDA. Yes.

Mr. WHITLEY. Where was that bank located?

Mr. DALINDA. In Paris.

Mr. WHITLEY. And what was the name of the bank?

Mr. DALINDA. It was a private bank. I recall—I am sorry; I could not accommodate you at the moment. It may come back.

Mr. WHITLEY. You don't recall the name of the bank?

Mr. DALINDA. Not now.

Mr. WHITLEY. What was the amount recovered?

Mr. DALINDA. I had 60,000 francs, which amounted to about \$4,000.

Mr. WHITLEY. Was that the full amount you were endeavoring to recover?

Mr. DALINDA. No.

Mr. WHITLEY. What was the full amount involved?

Mr. DALINDA. I guess about half a million francs.

Mr. WHITLEY. About half a million francs?

Mr. DALINDA. Yes.

Mr. WHITLEY. Money you had on deposit there?

Mr. DALINDA. No, I did not have money on deposit; it was a commission which I expected.

Mr. WHITLEY. A commission which you expected from the bank?

Mr. DALINDA. Yes.

Mr. WHITLEY. In connection with a patent transaction?

Mr. DALINDA. No.

Mr. WHITLEY. What type of transaction was that a commission on?

Mr. DALINDA. It was a commission due on an agreement with the bank.

Mr. WHITLEY. A commission due on an agreement with the bank?

Mr. DALINDA. Yes.

Mr. WHITLEY. What type of agreement; that is what I am trying to find out, Mr. Dalinda.

Mr. DALINDA. It was the recovery of a gold deposit in Russia.

Mr. WHITLEY. Recovery of a gold deposit in Russia?

Mr. DALINDA. Yes.

Mr. WHITLEY. Did you make the recovery for the bank?

Mr. DALINDA. No.

Mr. WHITLEY. Explain to the committee just what that transaction was.

Mr. DALINDA. The bank represented me and the owners in France of certain hidden gold in Russia, and we sent people to recover it, but the bank failed and they brought the people back before the gold was recovered. Later I learned the Soviet Government got the money—got the gold deposit.

Mr. WHITLEY. Later you learned who got the gold deposit?

Mr. DALINDA. The Soviet Government.

Mr. WHITLEY. The Soviet Government got the gold deposit?

Mr. DALINDA. Yes.

Mr. WHITLEY. Was this gold that had been concealed in Russia?

Mr. DALINDA. In Russia.

Mr. WHITLEY. Gold coin?

Mr. DALINDA. No; it was gold bricks.

Mr. WHITLEY. Gold bullion?

Mr. DALINDA. Yes.

Mr. WHITLEY. And you and others were retained by the bank to go into Russia—

Mr. DALINDA. Oh, no; I did not go. On the contrary, I retained the bank to go.

Mr. WHITLEY. You retained the bank to go?

Mr. DALINDA. Yes; I gave the bank the plans and expected the bank to go.

Mr. WHITLEY. Oh, you gave the bank the plans of the location of this deposit?

Mr. DALINDA. Yes.

Mr. WHITLEY. You sold it to them, did you?

Mr. DALINDA. No; I didn't sell; I paid all the expenses for the people who went there.

Mr. WHITLEY. Were you to get a certain commission, or percentage?

Mr. DALINDA. Yes; I and the people who went there were to get a certain commission.

Mr. WHITLEY. And who were some of the others involved; were they refugees from Russia?

Mr. DALINDA. No; there was one Englishman and two Poles, and one Frenchman.

Mr. WHITLEY. And did the bank send them into Russia to get the gold?

Mr. DALINDA. Yes.

Mr. WHITLEY. And you paid the expenses of the expedition?

Mr. DALINDA. I did.

Mr. WHITLEY. But you did not go yourself?

Mr. DALINDA. No; I did not.

Mr. WHITLEY. And before they made recovery of the gold, the bank went broke?

Mr. DALINDA. No; the bank did not go broke. Snow fell down, and the bank considered it was an inopportune time to stay those people there and called them back; but it was enough of suggestions, enough of information for the Government to locate it.

Mr. WHITLEY. You say prior to 1930 you lived in Europe for about 4 years?

Mr. DALINDA. Yes.

Mr. WHITLEY. That took you back—when did you go to Europe; in 1926 or 1927?

Mr. DALINDA. I remember in 1927.

Mr. WHITLEY. 1927?

Mr. DALINDA. Yes.

Mr. WHITLEY. Prior to 1927, where did you live? Just give us an outline, and run back quickly.

Mr. DALINDA. It is sort of a hard thing. I came here in 1927, in the summer; I stayed here a few months in the United States and went back and stayed in Europe before that, about a year or so, and lived in Germany—Berlin.

Mr. WHITLEY. And you were still engaged in the patent business?

Mr. DALINDA. Yes; I was working then with a German firm engaged in patents.

Mr. WHITLEY. How many years have you lived here altogether since you first came to this country in 1915, Mr. Dalinda?

Mr. DALINDA. In the United States?

Mr. WHITLEY. Yes. Have you actually resided in this country, would you say, as much as a third of the time?

Mr. DALINDA. Oh, much more.

Mr. WHITLEY. Much more?

Mr. DALINDA. Yes.

Mr. WHITLEY. During the period you have covered here, I would not say it was much more. You were naturalized when, did you say?

Mr. DALINDA. I think 1925.

Mr. WHITLEY. 1925 and immediately following that you live abroad for 4 years. Is that correct?

Mr. DALINDA. I think I came back after that and then went for 4 years.

Mr. WHITLEY. You think you came back?

Mr. DALINDA. Yes.

Mr. WHITLEY. You are not sure?

Mr. DALINDA. I am not.

Mr. WHITLEY. As a matter of fact, since you were naturalized, according to the résumé you have given us here, you have lived in this country very little, have you—comparatively? In other words, you spent considerably more time abroad?

Mr. DALINDA. At one time I spent a considerable length of time abroad.

The CHAIRMAN. I would like to ask a question right there, if it will not interrupt you.

Since you have been subpoenaed, who have you talked to? Since you were informed to come before this committee and were subpoenaed, who have you talked to by telephone or in person?

Mr. DALINDA. I spoke to—in connection with that matter?

The CHAIRMAN. With any matter; who have you talked to since you were subpoenaed the other day?

Mr. DALINDA. I spoke to Mr. Benenson.

The CHAIRMAN. What is his first name?

Mr. DALINDA. Aaron. Then I spoke to Mr. McGoodwin.

The CHAIRMAN. Mr. McGoodwin?

Mr. DALINDA. Yes.

The CHAIRMAN. Did you call him up by long distance?

Mr. DALINDA. He called me and I called him.

The CHAIRMAN. Mr. McGoodwin called you by long distance?

Mr. DALINDA. Yes.

The CHAIRMAN. And then you called him once?

Mr. DALINDA. Yes.

The CHAIRMAN. You talked two times with him?

Mr. DALINDA. I think I talked three times.

The CHAIRMAN. You think you talked three times?

Mr. DALINDA. Yes. I talked three times.

The CHAIRMAN. Who else did you talk to besides Mr. McGoodwin?

Mr. DALINDA. To Mr. Scott Ferris.

The CHAIRMAN. Mr. Scott Ferris, at Oklahoma City?

Mr. DALINDA. At Oklahoma City.

The CHAIRMAN. How many times did you talk to Mr. Ferris?

Mr. DALINDA. Once.

The CHAIRMAN. Who else did you talk to?

Mr. DALINDA. In connection with this matter, I don't think I spoke to anybody else. I did not.

The CHAIRMAN. You did not?

Mr. DALINDA. No.

The CHAIRMAN. That is the only people you talked to——

Mr. DALINDA. In connection with the subpoena which I received.

The CHAIRMAN. Proceed.

Mr. WHITLEY. Have you lived in Russia since 1915?

Mr. DALINDA. No; I never went back.

Mr. WHITLEY. Have you visited there?

Mr. DALINDA. No; I have not.

Mr. WHITLEY. And all these trips and visits you have made to Europe, you have never visited or been in Russia?

Mr. DALINDA. Right you are.

Mr. WHITLEY. Since 1915?

Mr. DALINDA. Since 1915.

Mr. WHITLEY. Where else have you lived on your visits to those various places in Europe?

Mr. DALINDA. I did not live.

Mr. WHITLEY. You resided there?

Mr. DALINDA. Yes; I visited Poland and I visited England at one time, I told you.

Mr. WHITLEY. All of the various European countries, you have lived in or visited them?

Mr. DALINDA. No; I used to stay stationed in Paris or Berlin. That was my home.

Mr. WHITLEY. Did you ever live in Venezuela?

Mr. DALINDA. Yes; I was in Venezuela at one time.

Mr. WHITLEY. I see.

Mr. DALINDA. In 1916.

Mr. WHITLEY. In 1916 you say you were there?

Mr. DALINDA. Yes.

Mr. WHITLEY. In what business were you engaged while you were in Venezuela?

Mr. DALINDA. In the oil business.

Mr. WHITLEY. In the oil business?

Mr. DALINDA. Yes.

Mr. WHITLEY. For yourself?

Mr. DALINDA. For myself; and then later for a party, Richmond Levering.

Mr. WHITLEY. Who is he?

Mr. DALINDA. Richmond Levering was an oil man. He died since.

Mr. WHITLEY. An oil man in the United States?

Mr. DALINDA. Yes; here in New York City.

Mr. WHITLEY. Did he finance your trip to Venezuela?

Mr. DALINDA. No; I financed myself.

Mr. WHITLEY. You financed yourself?

Mr. DALINDA. As a matter of fact, at the time when I first went to Venezuela, on the first occasion, I went for the Russian Government.

Mr. WHITLEY. When you first went there?

Mr. DALINDA. Yes.

Mr. WHITLEY. Was that in 1916?

Mr. DALINDA. 1916.

Mr. WHITLEY. And what was the nature of your mission for the Government?

Mr. DALINDA. At that time it was expected that war would get over soon and it was to see what the Direct Bank would do.

Mr. WHITLEY. You went there to make an industrial or commercial survey?

Mr. DALINDA. It was, so to say, a commercial survey.

Mr. WHITLEY. You went there as an official representative of the Soviet Government?

Mr. DALINDA. In 1916 it was yet the Czar, and the revolution started in 1918.

Mr. WHITLEY. How long were you there at that time?

Mr. DALINDA. When I first came, I was a few months, and then I was over the oil business and started to do oil business——

Mr. WHITLEY. Then you came to this country?

Mr. DALINDA. Yes. And then went back, representing that man Richmond Levering.

Mr. WHITLEY. What was the nature of that mission—to purchase oil?

Mr. DALINDA. To get concessions.

Mr. WHITLEY. To get concessions?

Mr. DALINDA. Yes.

Mr. WHITLEY. And were you buying those with your money, or with the sponsor's money?

Mr. DALINDA. With the sponsor's money.

Mr. WHITLEY. You were buying those with his money?

Mr. DALINDA. Yes; it was not buying; it was securing concessions, and I went always on my account.

Mr. WHITLEY. Did you buy such concessions?

Mr. DALINDA. I secured some concessions.

Mr. WHITLEY. To what extent?

Mr. DALINDA. Not to a big extent.

Mr. WHITLEY. Not to a big extent?

Mr. DALINDA. No. It was dropped.

Mr. WHITLEY. What happened to those concessions; did you sell them, or hold them?

Mr. DALINDA. I have none now.

Mr. WHITLEY. Were they bought in your name, or in his?

Mr. DALINDA. No; they were in the name of his company, I think.

Mr. WHITLEY. They were in the name of his company?

Mr. DALINDA. Yes.

Mr. WHITLEY. What was the name of his company?

Mr. DALINDA. I think Island Oil Co.

Mr. WHITLEY. Island Oil Co?

Mr. DALINDA. Yes.

Mr. WHITLEY. Where was his office?

Mr. DALINDA. 120 Broadway, I think.

Mr. WHITLEY. Is that company still in existence?

Mr. DALINDA. I don't think so.

Mr. WHITLEY. You don't think so?

Mr. DALINDA. Yes. He died in 1920, and I think it was Bruce Bielaski who was president after that.

Mr. WHITLEY. Of the company?

Mr. DALINDA. Yes. I think the company was dissolved; anyhow, it was——

Mr. WHITLEY. What did he pay you for handling that transaction for him?

Mr. DALINDA. Three thousand dollars.

Mr. WHITLEY. Three thousand dollars—and you paid your own expenses, you stated a moment ago?

Mr. DALINDA. Yes; right you are.

Mr. WHITLEY. And how long were you down there, approximately, Mr. Dalinda?

Mr. DALINDA. Counsel, it was 1916. I say I was there about August until October, because I remember I sailed back on October 12, on Columbus Day; so it was about 3 months.

Mr. WHITLEY. About 3 months?

Mr. DALINDA. Oh, no; I came back for a few months more.

Mr. WHITLEY. You came back for a few months more?

Mr. DALINDA. Yes.

Mr. WHITLEY. Two or three months more, would you say?

Mr. DALINDA. Yes.

Mr. WHITLEY. Have you ever been connected with any Swiss firm?

Mr. DALINDA. Yes.

Mr. WHITLEY. Will you give the details of that—the nature of the business and your connection with it?

Mr. DALINDA. It was that which I mentioned before; it was a corporation which did a patent business.

Mr. WHITLEY. Was that your business, or someone else's?

Mr. DALINDA. No; it was Swiss people's business.

Mr. WHITLEY. Swiss people's business?

Mr. DALINDA. Yes.

Mr. WHITLEY. Were you working for them?

Mr. DALINDA. Yes.

Mr. WHITLEY. In what capacity—as a partner?

Mr. DALINDA. No; as American representative.

Mr. WHITLEY. As American representative?

Mr. DALINDA. Right you are.

Mr. WHITLEY. Do you still represent that firm?

Mr. DALINDA. Not that firm. It was dissolved and I don't represent them.

Mr. WHITLEY. What was your occupation while in Russia, before you left Russia, Mr. Dalinda?

Mr. DALINDA. Newspaperman.

Mr. WHITLEY. Newspaperman?

Mr. DALINDA. Yes; editor.

Mr. WHITLEY. To what political party did you belong while living in Russia?

Mr. DALINDA. I did not belong practically to any party; I was editor of paper—financial newspaper.

Mr. WHITLEY. You did not have any political affiliations?

Mr. DALINDA. You see, in the old days in Russia, you did not—it was no such affiliation open as in the United States.

Mr. WHITLEY. Well, did you have any secret affiliations then?

Mr. DALINDA. No; I did not.

Mr. WHITLEY. You did not?

Mr. DALINDA. No.

Mr. WHITLEY. Did you know Rasputin?

Mr. DALINDA. Yes.

Mr. WHITLEY. During the pre-war days, in what way were you associated with him?

Mr. DALINDA. I saw him on one occasion and have written seven articles about him.

Mr. WHITLEY. You have written seven articles about him?

Mr. DALINDA. Seven; yes.

Mr. WHITLEY. You knew him well enough to write seven articles about him?

Mr. DALINDA. I saw him on one occasion and I got all the information. The articles were printed after I left Russia.

Mr. WHITLEY. When did you first go to Europe after becoming a naturalized American citizen, Mr. Dalinda?

Mr. DALINDA. Very soon after.

Mr. WHITLEY. Very soon after?

Mr. DALINDA. I think a few months after.

Mr. WHITLEY. How long did you stay on that occasion?

Mr. DALINDA. I think less than a year.

Mr. WHITLEY. Less than a year?

Mr. DALINDA. Yes.

Mr. WHITLEY. Are you married?

Mr. DALINDA. Yes; I am.

Mr. WHITLEY. How long has your wife been a resident of the United States?

Mr. DALINDA. My wife is here now about 2½ years.

Mr. WHITLEY. Is she an American citizen?

Mr. DALINDA. No.

Mr. WHITLEY. What country is she a citizen of?

Mr. DALINDA. She has no citizenship.

Mr. WHITLEY. She has no citizenship?

Mr. DALINDA. Yes. She was formerly a German citizen and lost her citizenship.

Mr. WHITLEY. She lost her citizenship?

Mr. DALINDA. Yes.

Mr. WHITLEY. From what port did she sail to the United States on her last entry to this country?

Mr. DALINDA. Counsel, she sailed from Europe and from France, I think from Havre, because she came on the *Normandy*, and I think the *Normandy* sails from Havre.

Mr. WHITLEY. When was that last trip?

Mr. DALINDA. She came here May month 1927.

Mr. WHITLEY. May?

Mr. DALINDA. May month 1927.

Mr. WHITLEY. That was the last trip to the United States?

Mr. DALINDA. No. She has not been before here.

Mr. WHITLEY. That was the first time she came?

Mr. DALINDA. Yes.

Mr. WHITLEY. And she has not been back to Europe since?

Mr. DALINDA. No.

Mr. WHITLEY. You said a moment ago she had been here 2½ years.

Mr. DALINDA. Yes.

Mr. WHITLEY. You mean 12½, didn't you?

Mr. DALINDA. No; I said correctly 21½ years; 1937.

Mr. WHITLEY. I thought you said 1927 a while ago. Did not she sail from Cuba on one occasion—on her last coming to the United States?

Mr. DALINDA. No; she didn't. She went to Canada. She came here on a visit visa and went to Canada to get a nonquota visa.

Mr. WHITLEY. And you think she sailed from Havre?

Mr. DALINDA. She sailed from France on the *Normandy*, and I think the *Normandy* sails from Havre.

Mr. WHITLEY. Are you acquainted with Mr. Carp?

Mr. DALINDA. I used to meet Mr. Carp.

Mr. WHITLEY. How did you first meet him, Mr. Dalinda?

Mr. DALINDA. Mr. Carp was brought to my office sometimes in 1937—in March month 1937.

Mr. WHITLEY. In March 1937?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Who brought him there?

Mr. DALINDA. A man by the name of Benenson, the man I mentioned before—Aaron Benenson.

Mr. WHITLEY. Who is Mr. Benenson?

Mr. DALINDA. Mr. Benenson is an attorney, formerly, now assistant district attorney of New York, and I guess that is all about him. Counselor, I am sorry; I met him first at the Republican Club.

Mr. WHITLEY. You met Mr. Carp first at the Republican Club?

Mr. DALINDA. Yes; Mr. Benenson introduced me there.

Mr. WHITLEY. In New York City?

Mr. DALINDA. In New York City.

Mr. WHITLEY. And what was the date?

Mr. DALINDA. March month 1937.

Mr. WHITLEY. And what were your business relations with Mr. Carp at that time?

Mr. DALINDA. I met him in connection with an invention pertaining to a fuse.

Mr. WHITLEY. And what services did you offer to Mr. Carp on the occasion of your meeting him?

Mr. DALINDA. I did not offer to him any services. He told Mr. Benenson that he represented the Soviet Government and was looking around for a mechanical fuse.

Mr. WHITLEY. And you had a mechanical fuse?

Mr. DALINDA. Yes, sir.

The CHAIRMAN. He told you what?

Mr. DALINDA. That he was looking—that he got a commission from the Soviet Government, or Moscow, to locate here a mechanical fuse.

The CHAIRMAN. That is what he told Mr. Benenson?

Mr. DALINDA. Yes, Mr. Benenson.

Mr. WHITLEY. And Mr. Benenson put him in touch with you because you had such a fuse?

Mr. DALINDA. Mr. Benenson learned by accident I had such a thing, or I think it was the other way around; he learned I had such a thing and asked Mr. Carp whether he would not be interested to buy it for the Soviet Government, and it was a coincidence that

Mr. Carp got an order, or instructions from the Soviet Government to purchase such a thing.

Mr. WHITLEY. Mr. Carp had orders from the Soviet Government to purchase such a thing?

Mr. DALINDA. Right you are.

Mr. WHITLEY. Was this a fuse you had patents on?

Mr. DALINDA. No, I developed patents; my engineers developed patents. It was over 3 years' work.

Mr. WHITLEY. And you had it for sale?

Mr. DALINDA. I had it for sale.

Mr. WHITLEY. And Mr. Carp was interested in it for the Soviet Government?

Mr. DALINDA. Right you are.

Mr. WHITLEY. What remuneration was agreed upon for that fuse?

Mr. DALINDA. At that time there was no remuneration, but later Carp came here and proposed \$2,000,000 for that.

Mr. WHITLEY. He proposed \$2,000,000 for that?

Mr. DALINDA. Yes. It was for Moscow, and he said that is the price he was allowed to pay me. I asked for more, and I think somewhere between two million and two and a half million would be paid.

Mr. WHITLEY. Was the deal consummated?

Mr. DALINDA. No; it was never consummated.

Mr. WHITLEY. You did not sell it to him for \$2,000,000?

Mr. DALINDA. No; I didn't sell.

Mr. WHITLEY. Did you subsequently sell it?

Mr. DALINDA. Yes.

Mr. WHITLEY. To whom?

Mr. DALINDA. To a French company.

Mr. WHITLEY. To a French company?

Mr. DALINDA. Yes.

Mr. WHITLEY. You mean the French Government, don't you?

Mr. DALINDA. No; I mean French company—a French munitions company.

Mr. WHITLEY. A French munitions company?

Mr. DALINDA. Yes.

Mr. WHITLEY. How much eventually did you sell it for?

Mr. DALINDA. I am in partnership with them.

Mr. WHITLEY. You are in partnership with them?

Mr. DALINDA. Yes.

Mr. WHITLEY. In the manufacture of this fuse?

Mr. DALINDA. I am to get certain royalties. If I told you the accuracy is one five-hundredths of a second, that will suggest to you that is a very difficult thing to accomplish.

Mr. WHITLEY. You did not sell it; you are just in partnership on the production?

Mr. DALINDA. I did sell and transfer all my patent rights to the French company.

Mr. WHITLEY. What is the name of that company?

Mr. DALINDA. Edgar Brandt.

Mr. WHITLEY. And are you a member of that company—that firm?

Mr. DALINDA. No; I am not. Do you mean I am director, or anything like that? No; I am not.

Mr. WHITLEY. Do you have any financial interest in it?

Mr. DALINDA. Insofar as my fuse; yes.

Mr. WHITLEY. And you are to get certain royalties?

Mr. DALINDA. I will get royalties.

Mr. WHITLEY. On the manufacture of your fuse?

Mr. DALINDA. That is right.

Mr. WHITLEY. At the time you dealt with Mr. Carp concerning this fuse, what proof did he present to you to show he was authorized to represent the Soviet Government?

Mr. DALINDA. I asked for proofs. He had some indirect proofs which were not sufficient for me and I demanded, or told him, if anybody from the Embassy, from Washington, would assure me he was ordered to speak for the buying end of the Soviet Government, I would speak to him about it further. He brought in a man who was represented to me as the military attaché of the Embassy here, and he assured me and Mr. Benenson, who was with me then, that Amtorg—that is the Soviet buying office in New York—that Carp has the right to speak for the Soviet Government insofar as the fuse is concerned.

Mr. WHITLEY. In other words, you did receive proper assurances?

Mr. DALINDA. I did; and that man then went on examining the fuse.

Mr. WHITLEY. And on that representation—in other words, he proved to you he was an agent of the Soviet Government?

Mr. DALINDA. Right you are.

Mr. WHITLEY. I see. I will ask you if you identify this memorandum, Mr. Dalinda, dated October 12, 1937?

Mr. DALINDA (after examining). Yes; that is mine.

Mr. WHITLEY. That is your memorandum?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. It is your memorandum?

Mr. DALINDA. Yes, sir. I thought it was a memorandum about the fuses. Yes, sir; I do not remember all of it.

Mr. WHITLEY. That is or is not your memorandum?

Mr. DALINDA. It is.

Mr. WHITLEY. It is your memorandum?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. It was prepared by you?

Mr. DALINDA. Possibly not prepared by me, but typed in my office.

Mr. WHITLEY. Who dictated it—you or somebody else in your office?

Mr. DALINDA. That was October 1937. I do not remember.

Mr. WHITLEY. But you identify it as your memorandum?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Going back for a moment to the matter of identification, what was the name of the Soviet military attaché that identified Mr. Carp to you as an agent of the Soviet Government?

Mr. DALINDA. I tried to recall him, but I cannot.

Mr. WHITLEY. You do not recall the name?

Mr. DALINDA. No, sir; I was asked that yesterday.

The CHAIRMAN. Who asked you that?

Mr. DALINDA. Mr. Nolan, of your committee. I asked Mr. Benenson and he could not recall it. It may come to me like the French name. I may recall it.

Mr. WHITLEY. Was anybody else involved in the identification of Mr. Carp? Was there any other party or parties in this who were trying to find out whether Carp was an agent of the Soviet Govern-

ment? You say you wanted to find out something about him before you did business with him or find out about his connections. Did you just call on the military attaché at the Soviet Embassy? I suppose you completely found out his identity?

Mr. DALINDA. It was at the office of the Amtorg.

Mr. WHITLEY. That is where the identification took place?

Mr. DALINDA. Yes, sir; there were quite a few other gentlemen.

Mr. WHITLEY. Who else was present?

Mr. DALINDA. I do not recall their names. Unquestionably they were responsible parties. I think Mr. Benenson knew some of them.

Mr. WHITLEY. Was Mr. Benenson present?

Mr. DALINDA. Yes, sir.

The CHAIRMAN. You say he was an assistant United States district attorney?

Mr. DALINDA. No, sir; he was Dewey's assistant, or he was at that time. He has been made a Red Cross attorney. He was attorney for the Red Cross.

Mr. STARNES. Since that time?

Mr. DALINDA. No, sir; at that time. Since that time I understand he severed his connection.

Mr. WHITLEY. Going back to the meeting at the office of the Amtorg, at which Mr. Carp was officially identified to you as agent of the Russian Government, was Mr. Rosoff present?

Mr. DALINDA. No, sir.

Mr. WHITLEY. Did you meet him?

Mr. DALINDA. No, sir.

Mr. WHITLEY. He was president of the Amtorg?

Mr. DALINDA. He was president at that time.

Mr. WHITLEY. Do you remember any others who were present at this meeting in the office of the Amtorg?

Mr. DALINDA. I do think I knew one man, if you mentioned his name, but I do not recall it now. I will tell you why. I was expected to meet only one man. I expected to meet the Ambassador.

Mr. WHITLEY. You expected the Ambassador to be there?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Troyanovsky?

Mr. DALINDA. Yes, sir; but since it was a military matter—

Mr. WHITLEY (interposing). Did Mr. Carp promise you that he would bring the Russian Ambassador to identify him?

Mr. DALINDA. Yes, sir. He said that. I said, "Give ample proof from the Embassy that you are authorized to speak."

Mr. WHITLEY. Unless he told you about the Ambassador, or made the suggestion, you would not have expected to see him there?

Mr. DALINDA. I did not expect the military attaché.

Mr. WHITLEY. You do not recall the name of the attaché that made the identification?

Mr. DALINDA. I do not remember the name, but it was one—he was sent back later.

Mr. WHITLEY. I will ask you, Mr. Dalinda, if you will identify this memorandum dated February 21, 1938, headed "Memorandum for Mr. Sam Carp"?

Mr. DALINDA. I do not think I remember that.

Mr. WHITLEY. You do not identify it?

Mr. DALINDA. No, sir.

Mr. WHITLEY. This is not your memorandum?

The CHAIRMAN. It came out of his files, did it not?

Mr. WHITLEY. Yes, sir. What was it doing in your files if it is not yours?

Mr. DALINDA. I said I could not identify it at this time.

Mr. WHITLEY. You have no recollection of it. I will ask you to read the memorandum again.

Mr. DALINDA. I said I do not recollect it, but certain parts of it are known to me.

Mr. WHITLEY. I will try to read certain portions of it and have you identify them as correct.

The CHAIRMAN. How would it be in your files in your office if it were not yours? Would you say that somebody put it in there? Please be frank with the committee.

Mr. DALINDA. I presume I have the honor of addressing the chairman. You see me speaking entirely frank and plain. When your man came to me, I said "Take any files you want." Often things are dictated not by me but by somebody else. It was filed by the girl in the office. I assure you that there is no desire on my part to evade anything.

Mr. WHITLEY. You contend, I believe, you can say whether the contents are correct or not?

Mr. DALINDA. I say that the "few hundred thousand" is not correct.

Mr. WHITLEY. I will read portions of it, and you may say what portions are not correct. It is a memorandum dated February 21, 1938, under the caption "Memorandum for Mr. Sam Carp."

The lack of time on your part preparatory to the unexpected sailing is duly realized. With this in view, your Washington representative and his associates wish to state—

Who was Mr. Carp's Washington representative?

Mr. DALINDA. I do not know, except Mr. McGoodwin.

Mr. WHITLEY. Then his associate there is an associate and not a representative?

Mr. DALINDA. I think you have me there. I do not know.

Mr. WHITLEY. Then, as to this Washington representative or his associate, you do not know what he refers to?

Mr. DALINDA. No, sir; I do not.

The CHAIRMAN. You had in mind that there were others besides McGoodwin?

Mr. DALINDA. As I told you, I am not aware of that. An associate may be Mr. Ferris.

The CHAIRMAN. Who else did you have in mind as Mr. McGoodwin's associate?

Mr. DALINDA. Nobody else that I know of.

Mr. WHITLEY. In the use of the word "associate" it meant nothing to you?

Mr. DALINDA. No, sir.

Mr. WHITLEY. Reading further from the memorandum:

1. That the original task entrusted should be recognized as thoroughly fulfilled.

What was that original task entrusted in connection with Carp and his Washington representative and his associate?

Mr. DALINDA. If I remember well, Carp asked me if I did not know how to help him. Then he started to talk about the fuse business. He had got nowhere at all, he told me, in placing orders here for the parts for a man-of-war.

Mr. WHITLEY. He did not want a whole battleship, but only the parts?

Mr. DALINDA. At that time he wanted the parts to be assembled in Russia.

Mr. WHITLEY. He wanted them fabricated in this country, and then shipped and assembled over there?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. That was the original plan?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. And he spoke to you about arranging to help him with this plan?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. What arrangement was worked out?

Mr. DALINDA. He said he had worked on that for quite some time, but that he had been unsuccessful; that it gave promise, but did not bring him anywhere; and he asked for some advice.

Mr. WHITLEY. Advice on what to do?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. When did he first approach you with reference to the battleship?

Mr. DALINDA. I would say quite a few months after I first met him.

Mr. WHITLEY. After March 1937?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Approximately how many months after?

Mr. DALINDA. I would say some time during the summer.

Mr. WHITLEY. During the summer of 1937?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Describe in detail the conversation that took place and the arrangement that took place between you and Mr. Carp.

Mr. DALINDA. He said that he was going from one Government office to another. He was at the Navy Department and the State Department. I remember he said that he had seen Mr. Moore.

Mr. WHITLEY. Who is Mr. Moore?

Mr. DALINDA. Mr. Moore, I understand, is Assistant Secretary of State.

Mr. WHITLEY. Do you mean Mr. R. Walton Moore?

Mr. DALINDA. I do not know his first name. He is an elderly gentleman. He told him there was no reason why he should not proceed with the work, and there was no reason why he could not be authorized to spend about \$200,000,000 at that time.

Mr. WHITLEY. He told him he was authorized to spend \$200,000,000?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. In promoting the construction of the battleships?

Mr. DALINDA. Yes, sir. I think at that time it was the part of one battleship.

Mr. WHITLEY. He was authorized to spend \$200,000,000 for one part of a battleship?

Mr. DALINDA. No, sir; that authority was to furnish other parts; that the other parts should be furnished and assembled in Russia. They would be shipped to Russia and assembled there.

Mr. WHITLEY. He did not know what was necessary to be done, and this was during the summer of 1937?

Mr. DALINDA. Yes, sir. He was asking if I would know somebody who would help. He was getting unpleasant publicity at that time, and he wanted a public-relations man who would guide him as to how to proceed in the matter. In this connection, I think that Mr. McGoodwin—

Mr. WHITLEY (interposing). You told him of Mr. McGoodwin?

Mr. DALINDA. Yes, sir; I introduced him to McGoodwin.

Mr. WHITLEY. That was Preston McGoodwin?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. How long have you know Mr. McGoodwin?

Mr. DALINDA. Since 1916.

Mr. WHITLEY. A little later we will go into the details as to the associates. You say you introduced Mr. Carp to Mr. McGoodwin?

Mr. DALINDA. Yes, sir; I introduced him myself.

Mr. WHITLEY. Do you know where you introduced Mr. Carp to Mr. McGoodwin?

Mr. DALINDA. I think they first met at my office in New York.

Mr. WHITLEY. Did you introduce Mr. McGoodwin under his proper name?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. You did not call him the Minister?

Mr. DALINDA. That is how I addressed him.

Mr. WHITLEY. Did you introduce him as the Minister or as Mr. McGoodwin?

Mr. DALINDA. As Mr. McGoodwin.

Mr. WHITLEY. Continue with your relation of the conversation and arrangements that were made.

Mr. DALINDA. It took quite a few weeks before McGoodwin agreed he would undertake the job.

Mr. WHITLEY. There were several weeks of negotiations?

Mr. DALINDA. No, sir; not negotiations. He was trying to make up his mind. He did not know exactly what to do or how to do it.

Mr. WHITLEY. What was he supposed to do? What did Mr. Carp want him to do?

Mr. DALINDA. He wanted to have a public-relations man. That was Mr. Carp's wish.

Mr. WHITLEY. Did he say a public-relations man or a contact man?

Mr. DALINDA. Carp insisted on having a public-relations man.

Mr. WHITLEY. Was Mr. McGoodwin in that business, or was he a public-relations man? Was that his business—publicity?

Mr. DALINDA. I do not know.

Mr. WHITLEY. What was his business at that time?

Mr. DALINDA. He was with the Democratic National Committee.

Mr. WHITLEY. In what capacity?

Mr. DALINDA. I do not know. I think he watched the provincial newspapers.

Mr. WHITLEY. At your instance, because Carp had been having a hard time in Washington and was not getting anywhere, you brought him in touch with Mr. McGoodwin?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. You said he wanted a publicity, or a public-relations, man.

Mr. DALINDA. I told you he wanted a public-relations man.

Mr. WHITLEY. What was the conversation between Carp and McGoodwin in your presence on that occasion, or was their conversation in your presence?

Mr. DALINDA. That would be hard to answer.

Mr. WHITLEY. I do not want it word for word. You say you brought them together?

Mr. DALINDA. Yes, sir. I presume it was this way, and he said, "I have worked on my scheme very hard and cannot get anywhere, and I think you can help me."

Mr. WHITLEY. In what way?

Mr. DALINDA. In getting the necessary permits to place orders.

Mr. WHITLEY. Permits from the State Department? Is that what Carp wanted?

Mr. DALINDA. From a branch of the State Department.

Mr. WHITLEY. Then, the real thing that Mr. Carp was worried about was in trying to get permission from the State Department under which he could go ahead with this project?

Mr. DALINDA. I think so; yes, sir.

Mr. WHITLEY. That is the reason he engaged Mr. McGoodwin?

Mr. DALINDA. I do not think he engaged Mr. McGoodwin for that. Mr. McGoodwin knew that he would have to engage an attorney for that purpose who could represent him in Government offices. I remember that Mr. McGoodwin insisted that he should have the services of such an attorney when Carp said that he had the services of Wolf as attorney. After a short discussion it was thought that Wolf was not the best man for that purpose.

Mr. WHITLEY. There was no suggestion that Mr. Wolf was not a good attorney, was there?

Mr. DALINDA. Yes, sir; there was. Wolf was more of a legal mind, making agreements, but this was a man who could present it in Government departments.

Mr. WHITLEY. What he wanted in the way of an attorney was someone who had contacts in Washington. That is what Mr. Carp wanted?

Mr. DALINDA. You are trying to put answers in my mouth.

Mr. WHITLEY. No; I want the truth. You are confusing it.

Mr. DALINDA. Excuse me, I did not want to. I am trying to tell you he did not try to get a contact man, but he tried to get a lawyer.

Mr. WHITLEY. Mr. Carp described both Mr. McGoodwin and Mr. Ferris as that.

Mr. DALINDA. Mr. Carp's English is probably not the best.

Mr. WHITLEY. He repeated that several times, and I suppose he was fully aware of what he was saying.

The CHAIRMAN. Did not Mr. Carp say that he did not hire Mr. Ferris until he became dissatisfied with Mr. McGoodwin?

Mr. DALINDA. It was not very long, because Mr. Ferris came in the picture very soon after Mr. McGoodwin got his commission from Mr. Carp.

Mr. WHITLEY. As I understand it, Mr. McGoodwin and Mr. Carp met together in your office, and they had a conversation about it, and it was decided that what Mr. Carp needed was an attorney.

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Although he had an attorney, Mr. Wolf, in his office, handling his own business, he needed a different type of attorney?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Who suggested Mr. Ferris as the proper one?

Mr. DALINDA. Mr. McGoodwin suggested him.

Mr. WHITLEY. Had you met him?

Mr. DALINDA. I met Mr. Ferris after that.

Mr. WHITLEY. You had not known him prior to that?

Mr. DALINDA. No, sir.

Mr. WHITLEY. What was this agreement between McGoodwin and Carp as to McGoodwin's compensation?

Mr. DALINDA. McGoodwin was to get \$100,000 if everything went through, and if he got the permits.

Mr. WHITLEY. If the State Department approved and gave Carp the permits, Mr. McGoodwin would get \$100,000?

Mr. DALINDA. Right you are.

Mr. WHITLEY. Were there any other terms or conditions in this agreement?

Mr. DALINDA. Mr. Carp time and time again changed. He would at one time say one thing and sometime another. Originally when Carp engaged Mr. McGoodwin, that was exactly what he promised.

Mr. WHITLEY. Not a retainer, but a contingent fee?

Mr. DALINDA. No, sir; he gave him a check for \$5,000.

Mr. WHITLEY. At that time? Was that at the first meeting?

Mr. DALINDA. No, sir; a few weeks after. I guess a month after that.

Mr. WHITLEY. Had there been other meetings at your office, following that?

Mr. DALINDA. Yes, sir; time and time again.

Mr. WHITLEY. During the time they were negotiating as to the terms?

Mr. DALINDA. No, sir. Mr. McGoodwin did not meet Carp until about a month after the first meeting to determine whether he wanted to go in with him. I think Carp got in touch with McGoodwin in the meantime without my knowledge.

Mr. WHITLEY. They finally agreed upon a contingent fee of \$100,000 in the event Carp received the approval of the State Department?

Mr. DALINDA. Right you are.

Mr. WHITLEY. You say that Carp also paid McGoodwin a retainer of \$5,000. Was that by check?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Did you see Carp give McGoodwin the check for \$5,000?

Mr. DALINDA. I did not see it—yes, sir; I did see it.

Mr. WHITLEY. That was not the first meeting, but at a later meeting?

Mr. DALINDA. About a month after, in my office.

Mr. WHITLEY. When did Mr. Carp start negotiating with Mr. Ferris?

Mr. DALINDA. Mr. Ferris was brought in about 2 months after that.

Mr. WHITLEY. That was at Mr. McGoodwin's suggestion?

Mr. DALINDA. Mr. McGoodwin insisted at the time that Mr. Carp needed to have Mr. Ferris with him.

Mr. DEMPSEY. What was the real question involved that required an attorney?

Mr. DALINDA. There were really quite a few papers that had to be filed in the State Department. There were other legal questions—I do not know.

Mr. DEMPSEY. The filing of papers by an attorney is one thing, but what was the legal question that would determine whether the permits should be issued, or not?

Mr. DALINDA. I think Mr. Ferris did present Mr. Carp with a memorandum on that, but I am not sure about that.

Mr. DEMPSEY. Mr. Wolf, you say, was an attorney?

Mr. DALINDA. Yes, sir.

Mr. DEMPSEY. Why was it not advisable to use him as the attorney?

Mr. DALINDA. Mr. Wolf was an attorney—he was a partner of Mr. Carp. I understand that Mr. Wolf talked in offices in a way that the officials resented.

Mr. DEMPSEY. Do I understand that they determined that instead of needing an attorney, they needed a publicity man or a public-relation man, a contact man, or a fixer to do it?

Mr. DALINDA. I do not know that fixer would be the proper phrase. Mr. Ferris is a high-class gentleman.

Mr. DEMPSEY. I know him very well. You might describe to us what kind of a man Mr. Carp wanted, and what legal questions were involved.

Mr. DALINDA. Mr. Ferris is a high-class lawyer. He also practices in Washington, and he agreed to talk with them.

Mr. DEMPSEY. You do not know what particular legal questions were involved?

Mr. DALINDA. I do not know at this time. I do not remember.

Mr. WHITLEY. What was Mr. McGoodwin to do for Mr. Carp to earn the \$100,000?

The CHAIRMAN. What was the exact fee of Mr. McGoodwin?

Mr. WHITLEY. In the first instance, he gave him \$5,000. Originally he paid him \$5,000 in a check?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. And he promised \$100,000 if the State Department gave its approval for the construction of the ships?

Mr. DALINDA. Whether the State Department gave it, or not—Carp was building ship parts for naval vessels in Russia. McGoodwin was to get \$100 000.

The CHAIRMAN. He had to go to the State Department and get the State Department's approval before he could have the plans drawn.

Mr. DALINDA. Yes, sir; he had to have an agreement drawn with the shipbuilding company to do it.

Mr. WHITLEY. The first thing he had to do was to have plans and specifications drawn, and before he could get the plans turned over to him he had to have the State Department's approval?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. You would have to have the State Department's approval for these parts that were to be fabricated?

Mr. DALINDA. I think Carp already had permission to ship the parts.

Mr. WHITLEY. Do you mean that the State Department had already approved the shipment of the parts?

Mr. DALINDA. Some kind of permits were granted to him.

Mr. WHITLEY. Mr. Carp was to ship airplanes, marine machinery, and parts for a battleship, according to the testimony.

Mr. DALINDA. They were not manufactured, but I am almost sure Carp got from the State Department certain permits.

Mr. WHITLEY. What do you mean by publicity in connection with Mr. McGoodwin? What does the word mean in that connection?

Mr. DALINDA. That was for the parts—not all of the parts.

Mr. WHITLEY. Parts of a ship?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. I do not follow your explanation at all. Did he have the State Department's approval of the plans of ships or ship parts, or did he have that necessary approval at the time he engaged Mr. McGoodwin?

Mr. DALINDA. No, sir; I think he did not, but soon after that. Soon after he engaged McGoodwin I think he got that from the State Department. I think soon after that he got from the State Department certain permits.

Mr. WHITLEY. You stated that the reason he engaged McGoodwin in the first place was because he could not get anywhere.

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. After he engaged him, he got some permits?

Mr. DALINDA. He automatically got permits for certain parts for vessels.

Mr. WHITLEY. You say he automatically received permits?

Mr. DALINDA. I say he unexpectedly got them. He unexpectedly received a permit.

Mr. WHITLEY. Do you know what it was for?

Mr. DALINDA. For parts of a naval vessel.

Mr. WHITLEY. When you say he automatically received them, you mean that he suddenly or unexpectedly received them?

Mr. DALINDA. Yes, sir.

The CHAIRMAN. Let us go into the question of the fees.

Mr. WHITLEY. What further payments in the way of fees or commissions did Mr. McGoodwin receive from Mr. Carp?

Mr. DALINDA. I know he got \$20,000.

Mr. WHITLEY. Originally, he received the \$5,000?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. When was the \$20,000 paid to McGoodwin?

Mr. DALINDA. I do not remember, but very soon after.

Mr. WHITLEY. Very soon after he was employed?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. How was it paid?

Mr. DALINDA. In cash.

Mr. WHITLEY. Was it paid in your presence?

Mr. DALINDA. No, sir.

The CHAIRMAN. McGoodwin told you that he received it?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. What was that payment made for?

Mr. DALINDA. For McGoodwin's services.

Mr. WHITLEY. Was that payment made after the State Department's approval had been obtained automatically?

Mr. DALINDA. No, sir; it was soon after he got the first check.

Mr. WHITLEY. Before the State Department's approval?

Mr. DALINDA. I presume so.

Mr. STARNES. What were the public relations that had to be handled in this matter by Mr. McGoodwin?

Mr. DALINDA. I am not sure I can answer that question. As a matter of fact, I cannot answer it.

Mr. STARNES. Why were you recommending him to Mr. Carp?

Mr. DALINDA. Because Mr. McGoodwin had lived in Washington a good many years, and I thought he could tell him who to go to in the Government offices and whom to see.

Mr. STARNES. I understood you to say that the Amtorg had received unfavorable publicity here. Did Carp want any publicity, or anything of that kind?

Mr. DALINDA. Yes; he wanted—there were things that he wanted to be set straight. He was always saying that his case had been presented wrongly.

Mr. STARNES. Presented to the public, or presented to the department?

Mr. DALINDA. Presented to the public.

Mr. STARNES. Did Mr. McGoodwin write any articles with reference to the export and import business that Mr. Carp was carrying on?

Mr. DALINDA. I do not think he ever wrote any.

Mr. STARNES. Was there any publicity?

Mr. DALINDA. No—he spoke to some newspaper men about it.

Mr. STARNES. Do you know who they were?

Mr. DALINDA. I do not know.

Mr. STARNES. How do you know he spoke to them?

Mr. DALINDA. He told me so.

Mr. STARNES. Did you ever see any articles written by any of these newspaper men with reference to Carp and his business?

Mr. DALINDA. Yes.

Mr. STARNES. In what publications?

Mr. DALINDA. In the Times.

Mr. STARNES. The New York Times?

Mr. DALINDA. The New York Times.

Mr. STARNES. What year?

Mr. DALINDA. I do not want to say; that was articles Mr. McGoodwin suggested, that was about Mr. Carp's business. Presumably it was about that time, 1937 or 1938.

Mr. STARNES. I want to know who these newspapermen were who handled these relations.

Mr. DALINDA. Mr. Congressman, I am sorry, I do not know with whom Mr. McGoodwin spoke.

Mr. STARNES. Mr. McGoodwin told him he had contact with newspapermen who could write the stories?

Mr. DALINDA. Right you are.

Mr. STARNES. Did he have to pay them for those services?

Mr. DALINDA. I would not think so—maybe.

Mr. STARNES. The truth was that Mr. McGoodwin was employed at your recommendation because you thought he had proper contact with officials in the departments of the Government in Washington?

Mr. DALINDA. No; as a matter of fact, I know Mr. McGoodwin never went to any department.

Mr. STARNES. You had him employed because he knew how to go to the departments?

Mr. DALINDA. Right you are. When I asked him what he expected to do, he said he wanted to have a life-long friend of his, Mr. Scott Ferris.

Mr. STARNES. Mr. Ferris was the man who was to act as the contact between Carp and the Government departments?

Mr. DALINDA. Mr. Scott Ferris was——

Mr. WHITLEY. Do you recall how many articles you saw in newspapers with reference to Mr. Carp's business?

Mr. DALINDA. About the articles; but that was the articles that Carp resented.

Mr. WHITLEY. Those are the ones that Mr. Carp resented?

Mr. DALINDA. Yes.

Mr. WHITLEY. Do you know of any other moneys that Mr. McGoodwin received from Mr. Carp?

Mr. DALINDA. No.

Mr. WHITLEY. By way of refreshing your memory, and referring to Mr. Carp's testimony yesterday, and also to his records, which were introduced, the first \$5,000 payment which was made to Mr. McGoodwin was made in June 1937?

Mr. DALINDA. Yes.

Mr. WHITLEY. That was the check you saw?

Mr. DALINDA. Yes.

Mr. WHITLEY. And you stated that \$20,000 in cash was paid immediately thereafter?

Mr. DALINDA. Yes.

Mr. WHITLEY. Mr. Carp's records show that the \$20,000 was paid exactly a year later, in June 1938. Is your recollection absolutely clear on that point?

Mr. DALINDA. My recollection is absolutely clear: it was not in 1938, because in 1938 the relations between Mr. McGoodwin and Mr. Carp were very much on the outs.

Mr. WHITLEY. In other words, he waited approximately a year to make that entry on his records?

Mr. DALINDA. I would not know about that, because I do not meet Mr. Carp since June 1938.

The CHAIRMAN. What he actually did so far as the making of these entries is concerned—the facts are he testified that the \$20,000 was paid immediately after the \$5,000; but the ledger shows, and according to the testimony of Mr. Wolf, it was some months later before they entered it upon the books.

Mr. MASON. About a year later.

The CHAIRMAN. As a matter of fact, they made no record of this cash transaction of money that came from Russia until some subsequent date?

Mr. DALINDA. No doubt that date——

The CHAIRMAN. That is true, is it not?

Mr. DALINDA. Yes.

The CHAIRMAN. There cannot be any doubt about that—about this money coming from Russia?

Mr. DALINDA. I knew this from the newspapers; he said it was coming here——

The CHAIRMAN. That is what happened; they did not want to disclose it.

Mr. DALINDA. No doubt about that. Mr. Chairman, he always referred to his—that he has \$200,000,000.

Mr. WHITLEY. Mr. Carp represented to you that he had \$200,000,000 in the bank in this country?

Mr. DALINDA. Yes.

Mr. WHITLEY. Where did he represent he had obtained that money?

Mr. DALINDA. From Russia—from the Soviet Government.

Mr. WHITLEY. Did he tell you the official or the individual of the Soviet Government from whom he obtained his commission as Soviet Government agent in this country?

Mr. DALINDA. He said from Stalin, personally.

Mr. WHITLEY. That it was from Stalin, personally?

Mr. DALINDA. Right you are.

Mr. WHITLEY. He told you he was furnished this \$200,000,000 by the Russian Government?

Mr. DALINDA. Counsel, I want to tell you Mr. Carp was very much of a changeable man. At one time he made the representation that the figure was \$200,000,000. I think he made that representation to Mr. Green in the presence of Mr. Ferris, or maybe it was the other way round, to Mr. Ferris in the presence of Mr. Green.

The CHAIRMAN. Did he not tell you he had spent millions of dollars for the Soviet Government in the United States?

Mr. DALINDA. Yes; he said so.

The CHAIRMAN. Did he not tell you he had brought large sums of money in the United States to use where they did not want to make a record of it?

Mr. DALINDA. No, Mr. Chairman. Normally, when transactions are paid in thousands of dollars—I am an old newspaperman, and it is plain that the money would come in in a banking way to him personally, but he never admitted it.

The CHAIRMAN. But you have reason to believe that, from your contact, large sums of cash money did come in?

Mr. DALINDA. No doubt. He was fully trusted. His sister is one of the most influential parties in Russia.

The CHAIRMAN. What reason would any government have in sending cash, very large sums of money in cash, if it was not to use that money for some purpose that it did not want to make public?

Mr. DALINDA. If it is in your mind to ask if that was for communistic propaganda, I will dismiss that from your mind.

The CHAIRMAN. That is not what I am asking you. I am asking you what could be the use of a foreign government sending cash money in large sums if it was not because they did not want to make a public record of it?

Mr. DALINDA. Right you are. Might I interject at that point and say that this Carp is not a Communist, by no means.

The CHAIRMAN. You are not a Communist either?

Mr. DALINDA. No.

The CHAIRMAN. Never were?

Mr. DALINDA. No; to the contrary I am very much otherwise. But Carp took me to Amtorg; they are afraid to come out to meet me; and it was about a half an hour before anybody came out.

The CHAIRMAN. How do you know Carp is not a Communist, or a member of the Communist Party?

Mr. DALINDA. After all, all the Communists want is to make some money.

The CHAIRMAN. We find that the Communist Party is making money, taking in as much as \$2,000,000 a year, so that is no good reason why he is not a Communist. What other reason do you have?

Mr. DALINDA. The reason is that I used to meet him for over a year, and he is a thorough capitalist, if there ever was one.

Mr. STARNES. In other words, he wants to make money rather than spend somebody else's money, and that is a pretty good sign of a Communist.

Mr. WHITLEY. Have you ever met, or do you know Mr. Stalin personally?

Mr. DALINDA. No; I did not have time.

Mr. WHITLEY. Have you ever been in communication with him?

Mr. DALINDA. No; but I understand Carp wrote about me and said so. He reminds me of certain things.

Mr. WHITLEY. But you sent him a cablegram, did you not?

Mr. DALINDA. To whom?

Mr. WHITLEY. To Josef Stalin?

Mr. DALINDA. I?

Mr. WHITLEY. Yes.

Mr. DALINDA. No; that is wrong.

Mr. WHITLEY. I have a copy here, which I will introduce into the record.

The CHAIRMAN. You deny that?

Mr. DALINDA. I deny it absolutely. If you have a copy of it it is all wrong. I never sent a cable to Stalin, or any cable to Russia.

The CHAIRMAN. Who would have put that in your files? Are you absolutely positive you did not send that?

Mr. DALINDA. Mr. Chairman, Mr. Carp was——

The CHAIRMAN. Are you positive you did not send that cablegram?

Mr. DALINDA. Absolutely sure as anything.

The CHAIRMAN. You know you did not send that? You know it is your handwriting?

Mr. WHITLEY. I will ask you to identify a photostatic copy of this cablegram, Mr. Dalinda. [Showing witness cablegram.] That is your handwriting in the corner, is it not?

Mr. DALINDA. Yes. I did not send it; that was Carp who sent it.

Mr. WHITLEY. Carp sent it for you, or for himself?

Mr. DALINDA. I do not know; it is my handwriting, but I never sent it to Stalin.

Mr. WHITLEY. What does it say? It is written in Russian.

Mr. DALINDA. It says: "Deeply sympathize with your sorrow losing your mother. June 10, 1937."

Mr. WHITLEY. That is in Mr. Dalinda's handwriting; the cablegram is in Russian, and translated it reads, "Deeply sympathize with your sorrow in the loss of your mother," but you say you never sent it.

Mr. DALINDA. I remember Carp wanted to send a wire.

Mr. WHITLEY. That was made out in your office?

Mr. DALINDA. Yes.

Mr. WHITLEY. You made that notation on it?

Mr. DALINDA. Yes; "Draft to Stalin."

Mr. WHITLEY. Was this charged to your account, or to Mr. Carp's account?

Mr. DALINDA. It was never sent from my office, and since I have an account with the Western Union it is easy to check that up, so you can be sure I am making a correct statement.

Mr. WHITLEY. This was in your type?

Mr. DALINDA. Mr. Carp used to come in with all kinds of requests to me about sending things in Russian. He had to make something often in English that he did not want the office to know, and he would come in to me. I never sent any cable to Stalin.

Mr. WHITLEY. Mr. Carp was in the habit of coming into your office when he wanted to wire Stalin?

Mr. DALINDA. Wanted to know how; he would ask me sometimes about a cablegram, if it was in Russian, or ask advice, and he would come to get advice about that.

Mr. WHITLEY. Did he wire or cable the Russian officials very often?

Mr. DALINDA. I do not know.

Mr. WHITLEY. Did he not come into your office very often?

Mr. DALINDA. Twice a day.

Mr. WHITLEY. He would come into your office and get you help him prepare a cablegram?

Mr. DALINDA. Not to prepare a cable, but sometimes he would ask me about a communication, whether that is correct. He was worried that he was losing too much time here.

Mr. WHITLEY. He wanted to express himself properly in his messages?

Mr. DALINDA. Yes; he did not tell me about the messages, but he would ask advice, what to do if you have to send such messages.

Mr. WHITLEY. You acted as his adviser on those matters as to proper procedure?

Mr. DALINDA. Right you are. If I tell you that Mr. Carp promised to deliver me a proposition from Russia——

Mr. WHITLEY. We will come to that later on. You are positive about this cablegram, even though it is in your file, and the notation is in your handwriting?

Mr. DALINDA. I am positive that wire was never sent by me. I am sure Carp sent it, that it was sent by him.

Mr. WHITLEY. Coming back to Mr. McGoodwin, do you know of any other fund or moneys paid to him by Mr. Carp at any time?

Mr. DALINDA. No; I do not.

Mr. WHITLEY. In other words, the \$5,000 check paid shortly afterward—how long afterward would you say?

Mr. DALINDA. Very shortly; days; within a few days.

Mr. WHITLEY. And Mr. Carp gave him \$20,000 cash?

Mr. DALINDA. Yes.

Mr. WHITLEY. As far as you know, those are the only two payments made?

Mr. DALINDA. Right you are.

Mr. WHITLEY. As far as you know, the only function Mr. McGoodwin was to perform was as publicity agent?

Mr. DALINDA. Right you are.

Mr. WHITLEY. Or public relations man?

Mr. DALINDA. Public-relations man. That was the style that Carp wanted him to have.

Mr. WHITLEY. Do you know whether McGoodwin ever received \$100,000 commission he was to get if certain things that Mr. Carp wanted in Washington went through properly?

Mr. DALINDA. I will tell you I know definitely he did not, because that was the reason why he broke off relations.

Mr. WHITLEY. Because Mr. Carp did not pay him the \$100,000?

Mr. DALINDA. Because Carp did not pay him additional money.

Mr. WHITLEY. Did Mr. McGoodwin think he had earned the \$100,000 commission he had been promised?

Mr. DALINDA. I would expect so.

Mr. WHITLEY. You think he did?

Mr. DALINDA. Yes.

Mr. WHITLEY. As a matter of fact, you have heard him express himself about it?

Mr. DALINDA. Oh——

Mr. WHITLEY. You have known him for years, and you are close friends?

Mr. DALINDA. Very close friends.

Mr. WHITLEY. If he thought Mr. Carp had not treated him right he would have said something about it, would he not?

Mr. DALINDA. Yes.

Mr. WHITLEY. What did Mr. McGoodwin say, about it?

Mr. DALINDA. Counsel, you know at one time there was an approval of plans for a 60,000-ton ship.

Mr. WHITLEY. The State Department approved plans for a 60,000-ton battleship?

Mr. DALINDA. Yes; and after that McGoodwin thought he should pay him some money on that occasion.

Mr. WHITLEY. He thought he had accomplished his purpose?

Mr. DALINDA. If not entirely——

Mr. WHITLEY. At least partially?

Mr. DALINDA. That the purpose of his mission was accomplished.

Mr. WHITLEY. How much did he pay McGoodwin, or was to have paid him, after the State Department had approved?

Mr. DALINDA. I think he asked him for a few thousand dollars.

Mr. WHITLEY. He did not demand the whole \$100,000?

Mr. DALINDA. No.

Mr. WHITLEY. What was the figure, exactly, do you know?

Mr. DALINDA. No; I do not.

Mr. WHITLEY. Was it as much as \$5,000?

Mr. DALINDA. I think it was less.

Mr. WHITLEY. Mr. Carp did not think Mr. McGoodwin had earned that additional sum?

Mr. DALINDA. I could not tell you, because it was without me.

The CHAIRMAN. Do I understand that the State Department approved a 60,000-ton battleship and that was after Mr. McGoodwin was employed, and that Mr. McGoodwin thought he was, therefore, entitled to some more money?

Mr. DALINDA. Mr. Chairman, I would not say exactly that it was for that reason, but at one time Mr. McGoodwin asked him for some money and Carp refused to give it to him.

The CHAIRMAN. But you just volunteered the statement that that was the reason he did it, because of the approval of the 60,000-ton battleship.

Mr. DALINDA. Right you are.

Mr. WHITLEY. Was it as a result of that demand of Mr. McGoodwin and his failure to meet it that they had a disagreement?

Mr. DALINDA. No; the disagreement was more on account of Mr. Carp's character.

Mr. WHITLEY. In other words, he and Mr. McGoodwin did not get along?

Mr. DALINDA. Yes; and he hurt his feelings more than once.

Mr. WHITLEY. Hurt Mr. McGoodwin's feelings?

Mr. DALINDA. Yes.

The CHAIRMAN. He would not live up to his contract; that was the main trouble?

Mr. DALINDA. That is one reason, but I think he spoke very unpleasantly about Mr. McGoodwin to Mr. Ferris.

Mr. WHITLEY. As far as you know, Mr. McGoodwin only received those two amounts paid and received by him over a short period of time after he was employed?

Mr. DALINDA. Right you are.

Mr. WHITLEY. And later demands made by Mr. McGoodwin were not met by Mr. Carp?

Mr. DALINDA. Yes.

Mr. WHITLEY. Did anyone, to your knowledge, receive any portion of the \$25,000 paid to Mr. McGoodwin by Mr. Carp?

Mr. DALINDA. Yes.

Mr. WHITLEY. Who received that?

Mr. DALINDA. I.

Mr. WHITLEY. What portion of the \$25,000 did you receive?

Mr. DALINDA. Half.

Mr. WHITLEY. Was that your commission for bringing the two together?

Mr. DALINDA. Correct.

Mr. WHITLEY. For your promotion of that relationship?

Mr. DALINDA. Right you are.

Mr. WHITLEY. Was that arrangement that you were to receive half of the total amount of \$25,000, your arrangement with Mr. McGoodwin or Mr. Carp?

Mr. DALINDA. McGoodwin.

Mr. WHITLEY. Did Mr. Carp know anything about it?

Mr. DALINDA. No.

Mr. WHITLEY. As far as he knew, Mr. Goodwin got the whole \$25,000?

Mr. DALINDA. Correct.

Mr. WHITLEY. Did any one other than yourself receive any part of the moneys paid to Mr. McGoodwin by Carp?

Mr. DALINDA. No.

Mr. WHITLEY. You took half and McGoodwin took half?

Mr. DALINDA. Yes.

The CHAIRMAN. Out of this \$100,000, how much were you to get; half of that, too?

Mr. DALINDA. I trusted; I tell you, the balance, I did not expect anything.

The CHAIRMAN. You said you trusted.

Mr. DALINDA. That Mr. McGoodwin would give me something, but there was no arrangement between Mr. McGoodwin and me to get it.

The CHAIRMAN. You were just hoping Mr. McGoodwin——

Mr. DALINDA. We did not have a clear business arrangement.

The CHAIRMAN. You did understand that some more was coming to you?

Mr. DALINDA. This was a clear understanding that he would give me half of the balance.

The CHAIRMAN. Of the balance; he told you he would take care of you?

Mr. DALINDA. Yes.

Mr. DEMPSEY. Was there a clear understanding of the amount of money that was to be put up immediately? How did you arrange to get half of the \$25,000? Who fixed that figure?

Mr. DALINDA. Mr. McGoodwin and Carp.

Mr. DEMPSEY. That was to be paid immediately, and you were to come in 50-50 on that?

Mr. DALINDA. Yes.

Mr. DEMPSEY. And as to the balance Mr. McGoodwin thought you might get some portion of it?

Mr. DALINDA. Yes; I was sure I would get some of it.

Mr. VOORHIS. Did you say, Mr. Dalinda, at one point, that the State Department did approve the plans for a 60-000-ton battleship?

Mr. DALINDA. Yes; I think so.

Mr. VOORHIS. But you are not sure?

Mr. DALINDA. I think it was in the papers.

Mr. VOORHIS. What did they approve? Did they approve the construction of the ship in the United States?

Mr. DALINDA. I would not know exactly what, but Carp said what they approved was of no importance to him.

Mr. VOORHIS. It was not what he wanted?

Mr. DALINDA. Yes.

Mr. VOORHIS. What I wanted to know was what they did approve.

Mr. DALINDA. I would not know. I know the naval architects were an outstanding firm and submitted plans which were approved.

Mr. VOORHIS. Approved so what could be done with them? Approved so they could be used as a basis for construction of the vessel in the United States?

Mr. DALINDA. I think so.

The CHAIRMAN. For Soviet Russia?

Mr. DALINDA. For Soviet Russia; yes.

Mr. VOORHIS. You are not positive about that; you are more or less hazy about your recollection.

Mr. DALINDA. I am not hazy about the fact that there was an approval of a 60,000-ton vessel.

Mr. VOORHIS. I am trying to get at what the State Department exactly did.

Mr. DALINDA. I would not know that. I think the next step would be to place an order with the shipbuilding company.

Mr. VOORHIS. The State Department would also have to approve that.

Mr. DALINDA. I think that is all they would have to do, to approve the plans, and that it was Carp's business to get it.

Mr. VOORHIS. That is one point, so far as you can recollect, although you are not positive, that the State Department did approve of the construction of this ship; is that right?

Mr. DALINDA. Yes.

The CHAIRMAN. Approved the architects' plans.

Mr. VOORHIS. I know, but the point was not so much that they approved the plans, it was that if they approved these plans they could be used as the basis for the construction of the ship.

The CHAIRMAN. In other words, all naval plans have to go to the State Department and the Navy Department before any shipbuilding company can construct any ship, either in or out of the United States.

Mr. DALINDA. Yes.

The CHAIRMAN. What you are saying is that Mr. McGoodwin told you, "Well, Carp owes me some more money; we had the approval of this plan," and Carp says, "No, it is of no value to me"; that is the situation?

Mr. DALINDA. That is the situation.

Mr. VOORHIS. That is the basis on which you made your statement?

Mr. DALINDA. That is right.

Mr. WHITLEY. Mr. Dalinda, did you include the \$12,500 you received from Mr. McGoodwin in your income-tax return for the year 1937?

Mr. DALINDA. Yes.

Mr. WHITLEY. Coming back to the relations between Mr. McGoodwin and Mr. Ferris, and his employment, you stated that after you had brought McGoodwin and Carp together that McGoodwin then insisted that Mr. Carp should employ an attorney to represent him. He suggested Mr. Scott Ferris. Did he state why he was recommending Mr. Ferris for the position: why he thought he was particularly qualified?

Mr. DALINDA. There were probably two reasons, one because they are old friends, and he wanted Ferris to make some money; and second, because Ferris is an attorney who practices before the departments here in Washington, and he thought Ferris, by his ability, would be a satisfactory party.

Mr. WHITLEY. Did Mr. McGoodwin, on that occasion, recite Mr. Ferris' qualifications to Mr. Carp?

Mr. DALINDA. If you refer to whether he said that he was a member of the National Democratic Committee, I know that Carp found that out later.

Mr. WHITLEY. He found that out later?

Mr. DALINDA. Yes.

Mr. WHITLEY. McGoodwin did not tell you or tell him at the time?

Mr. DALINDA. I could not say.

Mr. WHITLEY. He did not tell him at the time you were present?

Mr. DALINDA. Carp did not know about that.

Mr. WHITLEY. Did Mr. McGoodwin state what fee Mr. Ferris might require to represent Mr. Carp?

Mr. DALINDA. I do not think so, because when he met Ferris, Ferris spoke to him himself.

Mr. WHITLEY. When Carp met Ferris?

Mr. DALINDA. Yes.

Mr. WHITLEY. Were you present on that occasion?

Mr. DALINDA. In part.

Mr. WHITLEY. You were there part of the time?

Mr. DALINDA. Part of the time I was not present.

Mr. WHITLEY. When did that first meeting between Carp and Ferris take place?

Mr. DALINDA. Soon after McGoodwin got in.

Mr. WHITLEY. Soon after McGoodwin got in?

Mr. DALINDA. Yes. Do not hold me responsible for that date. I presume it was 2 or 3 months, or maybe about 4 months.

Mr. WHITLEY. Two or three months after?

Mr. DALINDA. After McGoodwin got in.

Mr. WHITLEY. After McGoodwin got in?

Mr. DALINDA. Yes.

Mr. WHITLEY. That was about the middle of the summer of 1937?

Mr. DALINDA. You mentioned that McGoodwin got a check in June 1937; maybe about 1938; I do not remember the date.

Mr. WHITLEY. You do not remember whether it was 6 months or a year after when Mr. Ferris was retained?

Mr. DALINDA. I do not think it was a year; I think it was less than half of that.

Mr. WHITLEY. Would you say approximately 3 months?

Mr. DALINDA. About 3 or 4 months.

Mr. WHITLEY. Where did that meeting take place?

Mr. DALINDA. At the Hay-Adams House, a hotel in Washington.

Mr. WHITLEY. The meeting between Carp and Ferris was arranged by McGoodwin, and in addition to Ferris, McGoodwin, and Carp, you were present all the time at that first meeting?

Mr. DALINDA. Yes; sometimes they were alone.

Mr. WHITLEY. Was anyone else present at that time?

Mr. DALINDA. I think Wolf was present, but I am not sure.

Mr. WHITLEY. He is a New York attorney who is a business partner of Carp's in the export and import company?

Mr. DALINDA. Yes.

Mr. WHITLEY. What was the nature of the conversation between Mr. Ferris, Mr. Carp, and Mr. McGoodwin on the occasion of that first meeting? They explained to Mr. Ferris what they wanted?

Mr. DALINDA. Ferris knew already, presumably from McGoodwin.

Mr. WHITLEY. There was no discussion as to what Mr. Ferris was to do?

Mr. DALINDA. He was to act as his attorney here, and I know Mr. Ferris went to the State Department.

Mr. WHITLEY. Let us work up to that gradually, Mr. Dalinda.

There was no discussion at that time as to what Mr. Ferris was to do, or what his fee was to be; they just met and then everybody automatically started functioning? You do not mean to give that impression, do you?

Mr. DALINDA. About Mr. Ferris' fee, I did not know for some time their terms—

Mr. WHITLEY. Was there any payment or discussion of fees at the first meeting?

Mr. DALINDA. Mr. Ferris wanted a retainer and got \$5,000.

Mr. WHITLEY. Was that paid by check or by cash?

Mr. DALINDA. I do not know.

Mr. WHITLEY. Did you see the payment made?

Mr. DALINDA. No.

Mr. WHITLEY. That was during the part of the time you were out?

Mr. DALINDA. I think that at this time they were 2 days together.

Mr. WHITLEY. Spent 2 days together?

Mr. DALINDA. Yes.

Mr. WHITLEY. So there must have been considerable discussion as to plans?

Mr. DALINDA. There was——

Mr. WHITLEY. You were present part of the time?

Mr. DALINDA. Yes.

Mr. WHITLEY. Tell the committee what that discussion was. What did Mr. Carp tell Mr. Ferris he wanted him to do, and why he was employing him?

Mr. DALINDA. I remember that, what I will say now, because you repeated it, because he was getting a run-around. He said he would go to the department and everybody around smiled on him and he would not get anywhere, and he wanted Mr. Ferris to go.

Mr. VOORHIS. What was Mr. Carp trying to do? What was he trying to get from the department?

Mr. DALINDA. Mr. Carp would go to the naval architect and the naval architect would tell him, "I will not take the ship unless you get the proper authority to do that." Carp would go to the ship-building companies and they would tell him they would not take the ship unless they got proper authorization from the proper officers or proper direction, to go on with the ship. Everybody would smile on him and say, "It does not depend on us; it depends on the ship-building company."

Mr. VOORHIS. This was still while he was trying to get the battleship built?

Mr. DALINDA. Yes; that was true.

Mr. VOORHIS. Why was an attorney going to help him do those things?

The CHAIRMAN. Let us be frank about it. You have said many times that what you had in mind was to get somebody who had some contact or influence in Washington who would know how to approach the Government officials. Have you not said that time and time again, and do you not know that you have used that expression repeatedly, that that is what you had in mind, that you wanted somebody with political influence; is not that true?

Mr. DALINDA. You see me talking frankly all the time. If you want to know what you have to have, it was pull by anybody with influence here, a man who knows the people and knows somebody personally and calls him by his first name.

The CHAIRMAN. You had that in mind?

Mr. DALINDA. Absolutely.

The CHAIRMAN. So what you wanted was not the legal experience; you wanted someone who knew people in the departments, and who could call them by their first names?

Mr. DALINDA. And who could present Carp's case. Carp was usually getting 2 or 3 minutes, and he could not present his case properly.

Mr. WHITLEY. I would like to read from the memorandum that Mr. Dalinda has just identified, dated October 12, 1937. I think this covers the point very properly.

The CHAIRMAN. Just read it.

Mr. WHITLEY [reading]:

Soon after we saw McMath and Wakeman.

That is Wakeman, of the Bethlehem Steel?

Mr. DALINDA. Yes.

Mr. WHITLEY [reading]:

Wakeman telephoned to Wolf, and they got together for an hour-and-a-half conference. I cannot say exactly what passed between them at this conference, at which Carp was not present, but from remarks here and there I gathered that Wakeman disclosed to him part of the information which he learned from us or which he gave to McMath in memorandum form.

That is McMath——

Mr. DALINDA (interposing). An officer of the Bethlehem Steel.

Mr. WHITLEY. And in parenthesis, "the memorandum which was destroyed."

What was that memorandum which was destroyed, Mr. Dalinda?

Mr. DALINDA. I am not sure yet.

Mr. WHITLEY. You do not remember; but this is your memorandum?

Mr. DALINDA. That is mine.

Mr. WHITLEY. This is a memorandum, in your memorandum, which was given to McMath in memorandum form "(the memorandum which was destroyed)."

That is, a memorandum which was given to McMath, an officer of the Bethlehem Steel; is that correct?

Mr. DALINDA. Yes.

Mr. WHITLEY (reading):

For instance, Wakeman knew of Beale's desire to take the order and also about Gibbs' of Gibbs & Cox wishing to accept orders for the plans and specifications.

Who was Beale?

Mr. DALINDA. Beale, president of the New York Shipbuilding Co.

Mr. WHITLEY (reading):

As a result of this conference Wakeman and Wolf, Wolf wrote a letter to Bethlehem, Wakeman having asked Wolf to send the letter to him in Quincy, Mass., so that it should not fall into anyone else's hands, inasmuch as he wanted to give the matter immediate attention.

It is my impression, although I am not sure, that the interview took place on Wednesday, September 22 in New York. The letter was written in the usual style, and some of the points later caused substantial upheavals in Washington, especially at the Navy Department—Wolf demanded nothing less than a man-of-war surpassing anything now floating on water. As you easily appreciate, the Navy people, jealous and clannish as they are, objected that those "damned Bolsheviks" should have something better than anything floating on water.

I believe you recall Mr. Wolf stated that the architect went ahead drawing plans, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. WHITLEY (reading):

There were other points which were not less obnoxious, and for the moment I will omit them, only to emphasize that Wolf, even if he means well, doesn't know how to say it.

That later reached Wakeman on Friday, the 24th, and he gave same to his engineers at once for attention. Anyhow, that is what he told Wolf over the telephone. A copy of this letter went to the Washington representative of the Bethlehem, Mr. Leonard. One of the things Wolf told Wakeman is that if their representative would call at Green's office at the State Department, that the

latter being in charge of the Arms and Munition Control, would tell him of the change of attitude of the administration and would also arrange that proper assurance will be given by the Navy Department. Leonard did call to see Green on Monday, September 27, and Green told him that the policy of the State Department did not change, that there is no objection on the part of the State Department for granting licenses for exporting things that are allowed.

You will appreciate that Green could not reply in any other way for the simple reason that indeed there is no law why Russia cannot buy anything here she wants if it is not a military secret. But previous to my friends' intervention in Washington—

Who did you mean by "friends' intervention in Washington"?

Mr. DALINDA. McGoodwin and Ferris.

Mr. WHITLEY (reading):

The policy of the administration was not definitely ascertained, and the underlying blessing for the transaction with the Russians was lacking.

You mean after they were employed the whole attitude toward the project changed?

Mr. DALINDA. No; that was the purpose of Mr. Ferris, to present the case clearly.

Mr. WHITLEY. Well, you say—

the underlying blessing for the transaction with the Russians was lacking.

That is something that Green could not tell Leonard representing strongly Republic corporation which acted time and time again against this very administration.

However, Green claims that he tried to encourage Leonard as much as he possibly could under the circumstances, which may not have been very much, because of the general attitude of the administration to this particular company. Anyhow, as a result of this interview between Leonard and Green on September 27, Wolf heard word in the morning that the Bethlehem will not take the order because "The policy of the State Department did not change."

I immediately got in touch with my friends in Washington—

Meaning Carp, McGoodwin, and Ferris?

Mr. DALINDA. Yes.

Mr. WHITLEY (reading):

I immediately got in touch with my friends in Washington, and Mr. Scott Ferris communicated at once with Secretary of State Hull, who called in Green, but thought that he gave sufficient encouragement to Leonard for the Bethlehem to take the order, but anyhow orders came that Green should see Leonard at once and tell him that if he didn't understand the meaning of their interview, that it is the desire of the Government that Bethlehem should take the order, and there is not only no objection but there is a distinct wish to that effect. Scott Ferris is the national committeeman from Oklahoma, is employed by me on this particular job—

You say "employed by me"?

Mr. DALINDA. No.

Mr. WHITLEY. That is what you wrote in this memorandum.

Mr. DALINDA. Yes; but I was not in position at that time; I didn't employ him.

Mr. WHITLEY (continuing):

Is employed by me on this particular job because he was in Congress together with Hull for 14 years, and is a close friend of his for 30 years, also because he is exceptionally close to the President, all of which Carp and Wolf were well aware.

Now does that represent the reason Ferris was employed, Mr. Dalinda?

Mr. DALINDA. Mr. Counselor, that still—

Mr. WHITLEY (interposing). Does that not contradict your verbal testimony?

Mr. DALINDA. No. I don't remember to whom it was addressed. The memorandum was what it purports to say but I don't remember to whom it was addressed.

Mr. WHITLEY. At the time it was written the matters were fresh in your mind?

Mr. DALINDA. But it may be there was something else.

Mr. WHITLEY (reading):

Green telephoned to Leonard to his office and home four times on Tuesday, only to hear nothing in response to Leonard, but presumably was trying to ascertain his headquarter's attitude.

Green called up Ferris on Wednesday morning (September 29) and told him that he eventually communicated with Leonard and gave him all possible assurances which should result in Bethlehem taking the order, only to hear from Leonard that the Bethlehem generally don't want the order under any circumstances, because on 28th of August they received an order for two destroyers, and that that tied up all their forces. Leonard and Ferris had lunch on this day, when Ferris tried to ascertain exactly where Bethlehem stand, but it is evident that Leonard could not tell more than he was told by his headquarters divulge, which amounted to their not wanting the order. You will recall that at this time I asked your assistance and you were kind enough to use your good offices with both McMath and Wakeman.

You do not recall who you addressed this to?

Mr. DALINDA. Not yet.

Mr. WHITLEY (continuing):

From the information which I gathered, and I would think that to be correct, Bethlehem is rather timid in taking the order——

Mr. DALINDA (interposing). In whose file was that?

Mr. WHITLEY. That was in your file.

Mr. DALINDA. It was in my file?

Mr. WHITLEY. Yes; it was in your file.

Mr. DALINDA. But whose?

Mr. WHITLEY. In your file with Carp, your correspondence file with reference to this——

Mr. DALINDA (interposing). With Carp?

Mr. WHITLEY. And the Carp Export & Import Corporation.

The CHAIRMAN. All right; proceed.

Mr. WHITLEY (reading):

From the information which I gathered, and I would think that to be correct, Bethlehem is rather timid in taking the order, because they are afraid that at some later date they may get stuck in the building of a 35- or maybe 40,000-ton ship and will be unable to finish without the Navy peoples help. Anyhow, that is the explanation which the Navy people have given to the State Department.

It is quite evident that the American Government, in the face of the Navy Department, cannot volunteer any help in building a military vessel for a foreign government. As far as the Navy having no objection to the Russians having such vessels is now evident to anybody, and ascertained to the fullest extent. Barring certain military secrets, the shipbuilders could furnish the Russians with specifications and build them a vessel with the full blessing of the Government.

Soon after, and I don't remember the exact date, Wolf called me up and told me that he had another talk with Wakeman "about an hour and a half," and that Wakeman promised to give a definite answer in about 10 days. This 10-day period should end sometime this week. In the meantime, Mr. Ferris had numerous conferences

with the State Department, and the last with Secretary of State Hull on Saturday evening at his home, and later with Hull and Green on Monday, at the State Department. Secretary Hull suggested to Ferris, and here I quote Ferris' wire to me—

When can you comply with Hull's suggestion so that Hull can personally arrange conference with Leahy Acting Secretary of Navy.

It appears that Secretary Hull very much wishes that Ferris should personally take the representative of the Bethlehem people preferably somebody who is more important than Mr. Leonard, to see Mr. Hull himself, who would then arrange a conference together with Admiral Leahy, who as you know, is the general head Admiral of the Navy and at this time Acting Secretary. This is what has to be done by all means. If you succeed in arranging that Wakeman should go to Washington to see Secretary Hull and Leahy, to be taken there by Ferris, it is all I want at this moment. It goes without saying that Ferris represents Carp's interest in the matter in a very official way.

Mr. WHITLEY. Do you recall now?

Mr. DALINDA. Yes; that was made by me for Mr. Charles Melan.

Mr. WHITLEY. Who is Mr. Melan?

Mr. DALINDA. He was with the Lehman bank.

Mr. WHITLEY. Why was he interested in this matter?

The CHAIRMAN. What bank is that?

Mr. DALINDA. In New York City.

Mr. WHITLEY. And what was his interest in this matter; why did you address a memorandum in such detail to him about it?

Mr. DALINDA. Because he knew the Bethlehem people.

Mr. WHITLEY. He knew the Bethlehem people?

Mr. DALINDA. Yes.

Mr. WHITLEY. Was he helping to arrange or trying to help arrange contact with them?

Mr. DALINDA. No. When it came to the point of their going with Ferris I remember the Bethlehem people refused to do it.

Mr. WHITLEY. The Bethlehem people had refused to go to Washington or to go with Ferris?

Mr. DALINDA. They refused to go with Ferris.

Mr. WHITLEY. And you tried to arrange through Mr. Melan for them to come down here?

Mr. DALINDA. Yes.

Mr. WHITLEY. And have a conference with the State and Navy Departments?

Mr. DALINDA. With Government officials here.

Mr. WHITLEY. I see.

Mr. DALINDA. Correct.

Mr. WHITLEY. I would judge from this memorandum that Mr. Melan was very familiar with the transactions.

Mr. DALINDA. I made the memorandum for him because he was not familiar with them.

Mr. WHITLEY. That was the purpose of it; you gave full and complete knowledge of this situation?

Mr. DALINDA. Yes; and now that explains why I was boasting to Mr. Melan.

Mr. WHITLEY. That explains why you were doing what?

Mr. DALINDA. Boasting about it.

Mr. WHITLEY. Boasting about knowing Ferris?

Mr. DALINDA. Yes.

Mr. WHITLEY. That was just a boast?

Mr. DALINDA. Yes.

Mr. WHITLEY. Now, Mr. Dalinda, getting back to this matter of the employment of Mr. Ferris, to which you have referred: Who initiated the meetings between Carp and Wolf and Ferris and McGoodwin which lasted here in Washington for 2 days?

Mr. DALINDA. I think Wolf left the same day.

Mr. WHITLEY. But Carp stayed?

Mr. DALINDA. Carp stayed overnight.

Mr. WHITLEY. Carp, Ferris, and McGoodwin continued?

Mr. DALINDA. Yes.

Mr. WHITLEY. Well, I do not believe you have explained to the committee yet just what the nature of the instructions given by Carp to Ferris were. You stated that Carp was complaining he was getting the run-around?

Mr. DALINDA. Yes.

Mr. WHITLEY. In the departments. Just tell the committee what Mr. Ferris was to do?

Mr. DALINDA. He was to ascertain exactly what the situation was.

Mr. WHITLEY. Go in and get a statement from them?

Mr. DALINDA. At least to ascertain what the situation was.

Mr. WHITLEY. Now what was the figure agreed upon at that time, Mr. Dalinda?

Mr. DALINDA. Between Ferris and Carp? I do not know.

Mr. WHITLEY. You do not know?

Mr. DALINDA. No.

Mr. WHITLEY. But I believe you stated that Mr. Carp did give Mr. Ferris \$5,000.

Mr. DALINDA. Yes.

Mr. WHITLEY. At that time?

Mr. CARP. Yes.

Mr. WHITLEY. What further sums, if any, did Mr. Carp pay to Mr. Ferris?

Mr. DALINDA. I know he gave him \$25,000 later.

Mr. WHITLEY. Gave him \$25,000 later?

Mr. DALINDA. Yes.

Mr. WHITLEY. Do you also know he gave him two additional payments of \$1,000?

Mr. DALINDA. I do not.

Mr. WHITLEY. You do not?

Mr. DALINDA. I do not.

Mr. WHITLEY. You do or do not?

Mr. DALINDA. I do not.

Mr. WHITLEY. As far as you know the \$30,000 was the entire sum paid by Carp to Ferris?

The CHAIRMAN. Now, the \$5,000 was in check and the \$25,000 was in cash? The \$25,000 was in cash?

Mr. DALINDA. I think so.

Mr. STARNES. Did you get some of it?

Mr. DALINDA. Yes.

Mr. STARNES. How much?

Mr. DALINDA. \$8,000.

Mr. STARNES. \$8,000?

The CHAIRMAN. Was that in cash?

Mr. DALINDA. Yes.

The CHAIRMAN. In \$1,000 bills?

Mr. DALINDA. I think \$500.

The CHAIRMAN. \$500 bills?

Mr. DALINDA. Yes.

The CHAIRMAN. Then all you got out of the \$25,000 was \$8,000?

Mr. DALINDA. Correct, Mr. Chairman.

Mr. WHITLEY. How much did Mr. McGoodwin get out of the \$30,000?

Mr. DALINDA. I don't know.

Mr. WHITLEY. You do not know?

Mr. DALINDA. No.

Mr. WHITLEY. But you got a direct sum for yourself?

Mr. DALINDA. Right you are.

Mr. WHITLEY. And if he paid Mr. McGoodwin anything you do not know about that?

Mr. DALINDA. I know he did, but I don't know how much.

Mr. WHITLEY. But he did give something to him?

Mr. DALINDA. Yes.

Mr. WHITLEY. How much?

Mr. DALINDA. I don't know exactly; there was some financial transaction.

Mr. WHITLEY. Then you did have a discussion with Mr. McGoodwin about it?

Mr. DALINDA. No.

Mr. WHITLEY. How did you know Mr. McGoodwin was given anything?

Mr. DALINDA. He said so.

Mr. WHITLEY. But he did not tell you how much?

Mr. DALINDA. I don't know how much; he did not tell me that.

Mr. WHITLEY. I see. You have no idea how much.

The CHAIRMAN. Right on that point; who else got some of this money besides yourself and McGoodwin and Ferris; who else got a part of this cash?

Mr. DALINDA. I paid some of it to two gentlemen; one gentleman, Mr. Benenson, and another Mr. Dubrosky.

Mr. WHITLEY. What are his initials?

Mr. DALINDA. D.

Mr. WHITLEY. How much did you pay to those two individuals?

Mr. DALINDA. Six-hundred-odd dollars.

Mr. WHITLEY. Six-hundred-odd dollars?

Mr. DALINDA. Each.

Mr. WHITLEY. Why did you make the payments to them?

Mr. DALINDA. For introducing me to him.

Mr. WHITLEY. For introducing him to you?

Mr. DALINDA. Carp to me.

Mr. WHITLEY. Carp to you?

Mr. DALINDA. Yes.

Mr. WHITLEY. And it was through them you met Carp in the first instance?

Mr. DALINDA. Yes.

Mr. WHITLEY. Was that in keeping with some agreement you had with them.

Mr. DALINDA. Just as an appreciation.

Mr. WHITLEY. You just gave it to them as a token of appreciation?

Mr. DALINDA. Right you are.

The CHAIRMAN. Right in that connection, outside of those two payments, did you give anybody else any money?

Mr. DALINDA. No.

The CHAIRMAN. Did Mr. McGoodwin tell you he had divided up?

Mr. DALINDA. I do not think he divided with anybody.

The CHAIRMAN. Did he tell you that he gave someone a part of his money?

Mr. DALINDA. No; he never said he did.

The CHAIRMAN. He never said anything to lead you to believe he did?

Mr. DALINDA. I am satisfied he never gave anybody any because he spoke to me about the money he had.

Mr. CASEY. At the time of the discussion with McGoodwin concerning the matter of getting Mr. Ferris—

Mr. DALINDA (interposing). Before Ferris was invited.

Mr. CASEY. I see.

Mr. STARNES. Of this \$57,000 that was paid to McGoodwin and to Ferris you got \$20,500 yourself?

Mr. DALINDA. Yes.

Mr. WHITLEY. At the time Mr. Ferris paid you the \$8,000 you received out of the fees paid him by Mr. Carp, what explanation did he offer? Was that in accordance with the previous agreement you had with him?

Mr. DALINDA. I did not get that, Mr. Counselor.

Mr. WHITLEY. Did you have a previous agreement with Mr. Ferris that you were to get a certain percentage of all fees that he received from Carp?

Mr. DALINDA. Yes. As a matter of fact, the understanding was that we would split in three parts. I do not know how much he gave Mr. McGoodwin, because they have some old business accounts.

Mr. WHITLEY. But the original agreement between you and Mr. Ferris and Mr. McGoodwin was that any fees received by Mr. Ferris would be divided three ways, each of you taking one-third.

Mr. DALINDA. I did not get anything from the \$5,000. I only got from the \$25,000.

Mr. WHITLEY. You got from the \$25,000?

Mr. DALINDA. Yes.

Mr. WHITLEY. And the agreement which you had—you and Mr. Ferris and Mr. McGoodwin—was that any fees aside from that initial \$5,000, any further fees received by Mr. Ferris from Carp would be divided three ways?

Mr. DALINDA. Yes.

Mr. WHITLEY. That was a definite agreement?

Mr. DALINDA. Yes.

Mr. WHITLEY. So when Mr. Carp paid Mr. Ferris the \$25,000, he, in keeping with his agreement with you and Mr. McGoodwin, gave you one-third, and you presume, but you do not know, that he gave Mr. McGoodwin one-third?

Mr. DALINDA. You are correct.

Mr. WHITLEY. Did Mr. Carp know anything about this arrangement that you and Mr. Ferris and Mr. McGoodwin had among yourselves to split the fee?

Mr. DALINDA. No. He was not supposed to know.

Mr. WHITLEY. So far as he knew, Mr. Ferris was earning and keeping all of the fees paid him?

Mr. DALINDA. Yes.

Mr. WHITLEY. And you say no one else, to your knowledge, received any part of it other than the three of you?

Mr. DALINDA. You are right.

Mr. WHITLEY. Did you report that \$8,000 on your income-tax return for 1938?

Mr. DALINDA. Certainly.

Mr. WHITLEY. What was the date that you received your \$8,000 from Mr. Ferris?

Mr. DALINDA. I think June 1938.

Mr. WHITLEY. June 1938?

Mr. DALINDA. Some time around that time.

Mr. WHITLEY. And was that shortly after Mr. Ferris had received—

Mr. DALINDA. Yes.

Mr. WHITLEY. The \$25,000 from Mr. Carp?

Mr. DALINDA. Yes.

The CHAIRMAN. Here is a question that I think is very important and I want a positive answer. Outside of the \$57,000 which you have described, to whom else did Mr. Carp tell you that he had paid cash money in reference to this transaction?

Mr. DALINDA. He did not tell me anybody. He used to tell me that the naval architects did not take any money from him, but I doubted it always.

The CHAIRMAN. You doubted it?

Mr. DALINDA. Yes.

The CHAIRMAN. So he never at any time, during any conversation with you, told you that he had paid other than these sums, that he had distributed right here in Washington?

Mr. DALINDA. He never said so to me.

The CHAIRMAN. He did not name to you certain officials to whom he had given money?

Mr. DALINDA. No; he never mentioned that to me.

The CHAIRMAN. You are very positive about that?

Mr. DALINDA. I am very positive about that.

The CHAIRMAN. You are very positive that the only knowledge you have is of the \$57,000?

Mr. DALINDA. Yes, Mr. Chairman; that is correct.

Mr. WHITLEY. When is the last time that you saw or had any dealings with Mr. McGoodwin?

Mr. DALINDA. I saw Mr. McGoodwin on the station today for about a few minutes.

Mr. WHITLEY. After you came in?

Mr. DALINDA. Yes; on my way here.

Mr. WHITLEY. You left New York at 9:30 standard time, did you not?

Mr. DALINDA. I left 10:30 New York time; 9:30 Washington time.

Mr. WHITLEY. In other words, you had been here about an hour—

Mr. DALINDA. No; I was just about 10 or 15 minutes, when I had my lunch.

Mr. WHITLEY. What was the nature of the conversation which you and Mr. McGoodwin had when he met you at the station today?

Mr. DALINDA. Oh, I asked him why he was not called before the committee. He asked me whether I know what Carp spoke in addition to what was in the papers.

Mr. WHITLEY. You were talking about this situation?

Mr. DALINDA. Yes.

The CHAIRMAN. He asked you if you were fully acquainted with what Carp testified?

Mr. DALINDA. Yes.

The CHAIRMAN. You had read everything you could get on the subject?

Mr. DALINDA. I read the papers. I read The Times.

Mr. WHITLEY. Have you talked to Mr. Carp since he testified yesterday?

Mr. DALINDA. I did not speak to Mr. Carp since last June 1938.

Mr. WHITLEY. You talked to Mr. Wolf since then?

Mr. DALINDA. No, never; not since 1938.

Mr. WHITLEY. When were your last dealings with Mr. Ferris? Have you been in touch with him right along?

Mr. DALINDA. Yes. In the summer months he was on vacation, but recently I had a letter from him.

Mr. WHITLEY. Have you and Mr. Ferris and Mr. McGoodwin had any other deals together of this nature?

Mr. DALINDA. Not of this nature, but—

Mr. WHITLEY. You have worked together?

Mr. DALINDA. On oil business in Oklahoma.

Mr. STARNES. Coal or oil?

Mr. DALINDA. Oil.

The CHAIRMAN. As I understand, you have invented quite a number of patents dealing with munitions and things of that sort, have you not?

Mr. DALINDA. Yes; I have.

The CHAIRMAN. That is your specialty?

Mr. DALINDA. Not military patents; but patents is my specialty.

The CHAIRMAN. You have invented a good many of them along military lines?

Mr. DALINDA. I am not an inventor myself, but others are inventors.

The CHAIRMAN. You buy from others?

Mr. DALINDA. I help to develop.

The CHAIRMAN. Patents along military lines?

Mr. DALINDA. Not only military.

The CHAIRMAN. That is most of your business?

Mr. DALINDA. No.

The CHAIRMAN. What part of your business is it?

Mr. DALINDA. Smaller part.

The CHAIRMAN. The smaller part?

Mr. DALINDA. Yes.

The CHAIRMAN. Twenty-five percent?

Mr. DALINDA. I have some important things now.

The CHAIRMAN. You have some important military patents now that you bought?

Mr. DALINDA. That I developed.

The CHAIRMAN. Do you sell them to any government?

Mr. DALINDA. I only sell to France, England, and the United States; offer, not sell. I offered that fuse to the Soviet Government.

The CHAIRMAN. The Soviet Government?

Mr. DALINDA. Yes.

The CHAIRMAN. Did you sell it?

Mr. DALINDA. I did not sell the Soviet anything.

The CHAIRMAN. Have you sold any patents to France?

Mr. DALINDA. I sold to France that fuse that I mentioned, and I have under consideration——

The CHAIRMAN. You have never sold anything to Germany?

Mr. DALINDA. No; never.

Mr. STARNES. What other business transactions or arrangements have occurred between you and Mr. Ferris and Mr. McGoodwin?

Mr. DALINDA. In the past, with Mr. McGoodwin it was more friendship than business. He is an old newspaperman, and we would meet, after a lapse of years, and recall old days. Mr. Ferris now has some oil propositions in Oklahoma in which I hope to take a hand.

Mr. STARNES. When you called Mr. McGoodwin, did you tell him you would be here today and what train you would be on?

Mr. DALINDA. No; I did not. My office let him know that I am coming here, and he met me at the station.

Mr. STARNES. He knew you were coming here and the train you were coming on?

Mr. DALINDA. Yes; he did.

The CHAIRMAN. Did he go over the testimony with you and tell you what Mr. Carp had testified?

Mr. DALINDA. Mr. Chairman, I beg you to believe me, it was only a very few minutes' conversation. I had just a quick bite and so did he, and we parted. He asked me whether I spoke to Ferris. I said "yes." He asked me whether I knew what Carp said in addition to what he had seen in the papers, and Carp probably spoke better about him, and he expects he will have a chance to appear before your committee to exonerate himself. Practically I am reporting to you the whole thing. There were no agreements between us, "Don't say something, or say something."

Mr. WHITLEY. Mr. Dalinda, the basis upon which you were given 50 percent of the fee paid Mr. McGoodwin was because you had put Mr. McGoodwin in touch with Carp?

Mr. DALINDA. Yes.

Mr. WHITLEY. And the basis upon which you and Mr. McGoodwin at least each had an agreement to get one-third of any fees paid Mr. Ferris was that you two had put Mr. Ferris in touch with Mr. Carp?

Mr. DALINDA. That is correct.

Mr. WHITLEY. Did that represent the sole function that you performed in this picture, putting them together and keeping in touch with developments?

Mr. DALINDA. That is the sole and only, advising Mr. Ferris mostly on how to act when he acts with the Russians, with the Soviet people. Time and time again I told him how to discount statements by them, and so forth and so on, to that effect.

The CHAIRMAN. You did advise?

Mr. DALINDA. Yes; I advised Mr. Ferris.

Mr. WHITLEY. Was that while he was dealing with this naval commission that was sent over here?

Mr. DALINDA. I do not think Ferris dealt with the naval commission. Did he?

Mr. WHITLEY. I do not know. I was just inquiring.

Mr. DALINDA. I do not know, either. You see, Mr. Counsellor, here is the point. Mr. Ferris felt that as an attorney for Carp he is not in a position to tell me anything, and would not tell me, and did not. You have my file and you probably saw that I reproached him at one time, that I do not hear from him and asking reasons for that. But I doubt that he met any of the commission. However, I do not know.

The CHAIRMAN. Why was it necessary for you to give advice about how to get along with the Russians and what to accept and what to reject, and so forth, and so on?

Mr. DALINDA. Mr. Chairman, that will compel me to explain to you the peculiarities of—how shall I say it—of the Soviet people.

Mr. STARNES. The Russian temperament.

Mr. DALINDA. If you want it so.

The CHAIRMAN. Whom was Ferris to see, what Russian was he to see?

Mr. DALINDA. Carp.

Mr. WHITLEY. Your advice was with reference to how to get along with Carp?

Mr. DALINDA. Yes.

Mr. MASON. And discount what Carp said, a great deal?

Mr. DALINDA. Right you are.

The CHAIRMAN. All of you felt, as reflected in this correspondence, that you had performed your contract and Carp did not treat you right?

Mr. DALINDA. Right you are.

The CHAIRMAN. He just violated his contract with you?

Mr. DALINDA. Yes; but there was never a definite contract with him, you see.

The CHAIRMAN. You feel as though you have done what you set out to do and he did not treat you right, is that right?

Mr. DALINDA. Right you are.

Mr. WHITLEY. Did either you or Mr. Ferris or Mr. McGoodwin have a written contract?

Mr. DALINDA. No.

Mr. WHITLEY. With Mr. Carp?

Mr. DALINDA. No.

Mr. WHITLEY. No written contract?

Mr. DALINDA. No written contract. I advised Mr. McGoodwin and Mr. Ferris at that time to trust the statement of Mr. Carp.

Mr. WHITLEY. In addition to the fee which was paid to Mr. Ferris by Carp, did Carp also promise him a large sum?

Mr. DALINDA. To Mr. Ferris?

Mr. WHITLEY. Yes; if the contract with the State Department and the Navy Department went through.

Mr. DALINDA. I understand Mr. Ferris was to get \$25,000 more.

Mr. WHITLEY. Was to get more?

Mr. DALINDA. \$25,000 more.

Mr. WHITLEY. An additional \$25,000?

Mr. DALINDA. Yes.

Mr. WHITLEY. He did not promise Mr. Ferris \$100,000 if the deal went through, did he?

Mr. DALINDA. Not to my knowledge.

Mr. WHITLEY. Did he promise him \$200,000 if the deal went through?

Mr. DALINDA. No.

Mr. WHITLEY. Mr. McGoodwin was the only one that was going to get \$100,000?

Mr. DALINDA. \$100,000.

Mr. WHITLEY. If the State and Navy departments approved the plans and so forth?

Mr. DALINDA. Right.

The CHAIRMAN. Did he say why he was giving this money in cash?

Mr. DALINDA. Why in cash? I would not recall exactly.

The CHAIRMAN. You were a little suspicious when they gave it in cash?

Mr. DALINDA. He never gave me, but it was rather strange when he handed over first the money in cash.

Mr. WHITLEY. Getting back to the memorandum of February 21, 1938, which we started to read some time ago, Mr. Dalinda, a memorandum addressed to Mr. Sam Carp, although you stated you could not identify the memorandum—

Mr. DALINDA. That is February 21, 1938?

Mr. WHITLEY. I am going to read to you and ask you to identify the contents, as being right or wrong, according to your best knowledge. I had read only the first paragraph and I will repeat that.

The lack of time on your part preparatory to the unexpected sailing is duly realized. With this in view, your Washington representative and his associates wish to state:

Now, this is addressed to Mr. Carp. By "your Washington representative" they mean Mr. McGoodwin and by "his associates," you do not know who is referred to?

Mr. DALINDA. I tell you, I cannot recall why that would be written, but if I said "associates", it means Ferris and myself.

Mr. WHITLEY (reading):

(1) That the original task entrusted should be recognized as thoroughly fulfilled.

That is what we got off on to a discussion about a while ago. In other words, you stated, I believe, Mr. McGoodwin felt that in view of the State Department approval of certain plans subsequent to Mr. McGoodwin's employment, that his task had been fulfilled, that he was entitled to have the compensation which he did not receive?

Mr. DALINDA. It was this way; whether he was entitled to the whole amount, the difference between \$100,000 and \$30,000, I do not know. But Mr. McGodwin thought he should pay him some money.

Mr. WHITLEY. He thought he had accomplished something?

Mr. DALINDA. Yes.

Mr. WHITLEY. Had earned additional compensation?

Mr. DALINDA. Yes.

Mr. WHITLEY (reading):

You first expected that the negative attitude of the United States Government to the building of a naval ship for the Union of Socialist Soviet Republics should be transformed to a favorable attitude.

That was part of the task, to transform that negative attitude on the part of the United States Government to a favorable attitude. That was correct, was it not?

Mr. DALINDA. Mr. Comseler, I cannot remember writing such a thing.

Mr. WHITLEY. Is that correct? Is this statement correct?

Mr. DALINDA. No; it is not.

Mr. WHITLEY. I am not asking you if you wrote it. I am asking you if the statement contained in this memorandum is correct. This is written for Carp. "You first expected that the negative attitude——"

Mr. DALINDA. Just a moment. Did Carp say that he received that memorandum?

Mr. WHITLEY. The memorandum can and will be properly identified, I think, Mr. Dalinda. I am not asking you to identify this as having been written by you. You say you cannot remember. I am merely asking you if the statements contained in this are correct.

Mr. DALINDA. It is not correct, because I do not think it could be spoken so about the United States Government attitude. I tell you, with the English there——

Mr. WHITLEY. What were McGoodwin and Ferris employed for if it was not to change the attitude that Mr. Carp was running into and because of which he could not make any progress?

I will read you that statement again and ask you to answer yes or no, if it is correct.

You first expected that the negative attitude of the United States Government to the building of a naval ship for the Union of Socialist Soviet Republics should be transformed to a favorable attitude.

Mr. DALINDA. No.

Mr. WHITLEY. That is not correct?

The CHAIRMAN. Do you want to explain anything?

Mr. DALINDA. I would explain it, Mr. Chairman. You will probably appreciate that is not my English. It is much better English written than I unfortunately have command of. So I cannot understand——

Mr. WHITLEY (reading):

(2) Payment of \$300,000 was agreed upon, to be paid in two installments, the first half when you will be granted the proper permits for export, and the second when you will place the orders with the shipbuilding company or companies; \$30,000 was received on account of the first half.

In other words, \$30,000 was received from Mr. Carp?

Mr. DALINDA. Yes; but \$300,000 is not the correct figure, because I never knew of such a figure.

Mr. WHITLEY. You never heard of such a figure?

Mr. DALINDA. No.

Mr. WHITLEY. But you know that \$30,000 had been paid by Carp?

Mr. DALINDA. Yes.

Mr. WHITLEY. To Ferris?

Mr. DALINDA. To Ferris.

Mr. WHITLEY. \$5,000 and then \$25,000?

Mr. DALINDA. Yes.

Mr. WHITLEY (reading):

(3) It is now widely known that as a direct result of the work of your Washington representative and associates——

Meaning Mr. Carp's representative and his associates—

a negative and later a passive attitude was changed to positive cooperation.

Would you say that was correct?

Mr. DALINDA. I think that is correct. I think that the matter was discussed in the State Department. Mr. Ferris came in and had quite a few interviews with Mr. Green and Mr. Green manifested interest, as I understand, and showed some energy in this connection.

Mr. WHITLEY. So that that negative or passive attitude was changed to positive cooperation.

Secretary Hull presented the case to his superior. As a result of this, the matter was discussed at several Cabinet meetings, at which a definite governmental policy was laid down.

Do you know anything about that?

Mr. DALINDA. I do not know, and that is certainly not written by me.

Mr. WHITLEY. You are sure it is not written by you?

Mr. DALINDA. Sure.

Mr. WHITLEY (reading) :

Following that course, the State Department and proper Navy authorities were advised and later *instructed* to give all possible assistance to advance your plans in connection with the building of a naval ship for the Union of Socialist Soviet Republics.

"Your plans" means Mr. Carp's plans. Do you know anything about that?

Mr. DALINDA. I knew about what, Mr. Counsellor?

Mr. WHITLEY. I will read that to you again.

Following that course, the State Department and proper Navy authorities were advised and later *instructed* to give all possible assistance to advance your plans in connection with the building of a naval ship for the Union of Socialist Soviet Republics.

Mr. DALINDA. I think that is correct. I think Mr. Carp had much more cooperation later and eventually the plans were approved.

Mr. DEMPSEY. Did the Navy Department finally get instructions to approve the plans?

Mr. DALINDA. I do not think—

Mr. DEMPSEY. That is what that memorandum says.

Mr. DALINDA. The Navy Department has nothing to do with that. It is only the State Department.

Mr. DEMPSEY. Then the memorandum is not correct?

Mr. DALINDA. Not correct.

Mr. STARNES. They did instruct the naval officer to act?

Mr. DEMPSEY. I think you ought to read that to him again.

Mr. WHITLEY (reading) :

Following that course, the State Department and proper Navy authorities were advised and later instructed to give all possible assistance to advance your plans in connection with the building of a naval ship for the Union of Soviet Socialist Republics.

As I understand it, Mr. Chairman, the State Department gives the clearance, but prior to giving it, they get the approval of or consult with the Navy Department.

Mr. DALINDA. I do not think you are right. I think the State Department Office has everything, to approve or not. I heard Mr. Ferris say that Mr. Green said that he could do that himself, that he has it all in the files.

Mr. WHITLEY. You do not mean that the State Department would give clearance or approve plans for a battleship without consulting the Navy Department with reference to those plans. They do not profess to be naval experts.

Mr. DALINDA. There are certain parts of a ship which are not allowed to be given out.

Mr. WHITLEY. Military secrets.

Mr. DALINDA. Yes. I do not know whether the Navy Department is consulted, but the State Department—I heard that time and time again Mr. Green said that it is all in his office.

The CHAIRMAN. Mr. Green said he could do it all himself?

Mr. DALINDA. I do not think the Navy is consulted on that. I may be wrong. That was the impression I got.

The CHAIRMAN. But was that true, that the State Department had received instructions to carry this through?

Mr. DALINDA. I do not think received instructions, but I know that Mr. Ferris' good offices helped very much. Several times he would go in to see Mr. Green and discuss the matter.

Mr. STARNES. Mr. Chairman, it strikes me that we would save time in this way. This is an intelligent witness with an understanding of the English language. It is being read clearly and distinctly, and when he says that is true or is not true, that ought to be enough.

Mr. DALINDA. Thank you.

Mr. WHITLEY (reading):

You yourself admitted in December to your Washington representative and one of his associates that 99 percent of the task had already been accomplished by him.

Mr. DALINDA. I know that statement.

Mr. WHITLEY. You know that statement?

Mr. DALINDA. Yes.

Mr. WHITLEY. Who made it?

Mr. DALINDA. Carp made that statment. He used to make that time and time again. He would repeat it to all of us.

Mr. WHITLEY. This says, "to your Washington representative and one of his associates." Who was the associate?

Mr. DALINDA. I cannot explain that memorandum. I do not know about that memorandum; but McGoodwin and me.

Mr. WHITLEY. The statement is all I am asking about. That statement is correct?

Mr. DALINDA. That is correct.

Mr. WHITLEY. Carp had stated that?

Mr. DALINDA. Time and time again.

Mr. WHITLEY (reading):

Later Mr. Rosoff was recently approached when in Washington with the inquiry by a high Government official "why you don't proceed with the building of the ship, when all that was necessary to this effect has been granted and arranged."

Do you know anything about that?

Mr. DALINDA. I do not know.

Mr. WHITLEY. Then paragraph four:

(4) Mr. T. ascertained everything from the Big Chief himself, as also from all of the other high authorities.

Who is Mr. T.?

MR. DALINDA. I do not know. Do you have an idea who it is?

MR. WHITLEY (reading):

Mr. T. ascertained everything from the Big Chief himself, as also from all of the other high authorities.

MR. DALINDA. I do not know at all. Mr. T. would not place him at all.

MR. WHITLEY. You do not have any idea who that was?

MR. DALINDA. No.

MR. WHITLEY. Do you know who the Russian Ambassador was?

MR. DALINDA. Troyanovsky.

MR. WHITLEY. Do you think it might be him?

MR. DALINDA. Very possibly.

MR. WHITLEY. Do you know whether Mr. Troyanovsky was active in furthering these plans?

MR. DALINDA. Yes, he was.

MR. WHITLEY. He was active?

MR. DALINDA. Yes, he was.

MR. WHITLEY. As a matter of fact, there were conferences held with him, were there not?

MR. DALINDA. I know that Mr. Troyanovsky went to the State Department. I think, to ascertain, to check up on Ferris' activities.

MR. WHITLEY. Did you ever talk to Mr. Troyanovsky about this?

MR. DALINDA. I never met Troyanovsky.

MR. WHITLEY. Do you know whether Mr. Carp ever talked with him about this?

MR. DALINDA. I certainly expect so.

MR. WHITLEY. He did?

MR. DALINDA. Yes.

MR. WHITLEY. Do you know if Mr. McGoodwin ever discussed it with him?

MR. DALINDA. I do not know. McGoodwin used to tell me Troyanovsky never spoke directly about that. Mr. McGoodwin used to go to the Embassy there.

MR. WHITLEY. He was invited there on social occasions?

MR. DALINDA. On social occasions; yes.

MR. WHITLEY. Was he introduced by Mr. Carp?

MR. DALINDA. I think he used to go there to the Embassy before he met Carp.

MR. WHITLEY. Did Mr. Ferris ever tell you he had had any discussions?

MR. DALINDA. I think Ferris never was.

MR. WHITLEY. You think he did not have anything to do with it. What other Government officials did Mr. Troyanovsky contact with reference to promoting the approval of these plans? You mentioned the State Department. Do you know of any other Government officials?

MR. DALINDA. I would not know.

MR. WHITLEY. You would not know. Let me read this again:

Mr. T. ascertained everything from the big chief himself, as also from all of the other high authorities.

Do you know who are referred to there?

MR. DALINDA. "Big chief" suggests President Roosevelt, but I assure you that is not the case, because I do not think——

Mr. WHITLEY. You do not know of any such contract?

Mr. DALINDA. No.

Mr. WHITLEY. Did you ever hear Mr. Carp boast of having had Ambassador Troyanovsky recalled?

Mr. DALINDA. Do I have to speak about that?

Mr. WHITLEY. I think it would be relevant in connection with this incident.

The CHAIRMAN. You have no reason not to tell?

Mr. DALINDA. Mr. Chairman, in which way does that affect—I have brothers in Russia.

The CHAIRMAN. You have relatives in Russia?

Mr. DALINDA. Yes.

The CHAIRMAN. You are afraid——

Mr. DALINDA. That is irrelevant, I think, entirely.

Mr. WHITLEY. Not if it had something to do with this situation which we are discussing here today, Mr. Chairman.

The CHAIRMAN. Well, taking into consideration the situation throughout the world——

Mr. DALINDA. I take it Mr. Carp is a very influential person.

The CHAIRMAN. I do not think we ought to go into this.

Mr. DALINDA. He is very influential. He could do very many things, no doubt.

The CHAIRMAN. I think there will be more testimony for the record.

Mr. WHITLEY. Continuing with this memorandum:

You were kind enough to reply to direct inquiry of the associate, Mr. F, as to when you would consider the first payment due——

Do you know who Mr. F is?

Mr. DALINDA. Ferris.

Mr. WHITLEY. (Reading).

“when the naval architect, Gibbs, would be allowed to prepare plans.” This was also arranged and the matter was taken up by high naval officers in the presence of the heads of all divisions who were duly advised by Mr. Edison of the definite policy of the Government.

Mr. DALINDA. That is correct. I heard about that, that Mr. Edison spoke; I think Mr. Ferris seen him or seen somebody else, because Carp was complaining that the Navy people object to that and the head men of divisions or departments should be spoken to about that. I heard Mr. Edison interfered with that.

Mr. WHITLEY (reading):

If Mr. Gibbs prefers to continue to delay you in the execution of his work for you, that should be attributed to his own peculiar motives.

Do you know anything about that delay?

Mr. DALINDA. No; I do not know anything about that.

Mr. WHITLEY (reading):

It should be reiterated that the services rendered by the numerous parties in this connection have been as delicate as difficult and have involved substantial expenses. It is strongly felt by all concerned that the first-agreed-upon payment, of which \$30,000 was already received, should not longer be withheld.

This amounts to a claim, of course. Whoever wrote this memorandum, addressing it to Mr. Carp, is presenting reasons why——

Mr. DALINDA. Money should be paid.

Mr. WHITLEY. Should be paid further money.

Mr. DALINDA. I do not know about that.

Mr. WHITLEY. But you do know such claims were made by Mr. McGoodwin?

Mr. DALINDA. What?

Mr. WHITLEY. Claims on Carp for further payments?

Mr. DALINDA. Yes; I know.

Mr. WHITLEY. Did you back Mr. McGoodwin up in those claims?

Mr. DALINDA. Mr. Counselor, I hope you find me willing to tell you all I know.

Mr. WHITLEY. Did you approve Mr. McGoodwin's claim?

Mr. DALINDA. Yes; I did.

Mr. WHITLEY. For additional funds from Carp?

Mr. DALINDA. Yes.

Mr. WHITLEY. One or two additional items in here, Mr. Dalinda. I wonder if you have been able to refresh your memory as to the names of any of the persons that you met at the time you went to Amtorg to have Mr. Carp identified to you as an agent of the Russian Government?

Mr. DALINDA. The military attaché. I think there was another man by the name of Isenberg.

Mr. WHITLEY. What was the name of the military attaché?

Mr. DALINDA. I cannot recall.

Mr. WHITLEY. You do not know his name?

Mr. DALINDA. I know his name, but it slips my mind. If you mention it——

Mr. WHITLEY. Who else was present?

Mr. DALINDA. I know there was a man by the name of Isenberg, but he was——

Mr. WHITLEY. Will you spell that for the record?

Mr. DALINDA. I-s-e-n-b-e-r-g.

Mr. WHITLEY. You do not know what his connection was there?

Mr. DALINDA. Yes; he was a fuse specialist.

Mr. WHITLEY. A fuse specialist?

Mr. DALINDA. Yes.

Mr. WHITLEY. Is he in the employ of the Soviet Government?

Mr. DALINDA. He was an officer of the old navy; a high-class specialist.

Mr. WHITLEY. Was he the head of a naval commission in this country at that time?

Mr. DALINDA. No; he has not been the head.

Mr. WHITLEY. Who else was present at that meeting?

Mr. DALINDA. There were a few more men, but I do not remember them. I never knew their names. I know Isenberg, because he came later to my office.

Mr. WHITLEY. You do not recall anyone else who was present then?

Mr. DALINDA. No; I do not.

Mr. WHITLEY. Did you know this particular individual who was to identify Mr. Carp was a military attaché?

Mr. DALINDA. I did not know. Mr. Benenson vouched for that.

Mr. WHITLEY. Your attorney?

Mr. DALINDA. Not my attorney, but the man who introduced Carp to me.

Mr. WHITLEY. Was Mr. Rosoff present?

Mr. DALINDA. No.

Mr. WHITLEY. I think I asked you that once before. Did Mr. McGoodwin ever show you a letter from Carp in which Carp represented himself to be an agent of a Soviet institution?

Mr. DALINDA. Did Mr. McGoodwin show me such a letter?

Mr. WHITLEY. Did he ever show you such a letter? In other words, have you ever seen this better before [exhibiting letter to witness]?

Mr. DALINDA. I know that letter.

Mr. WHITLEY. Did Mr. McGoodwin show it to you?

Mr. DALINDA. Yes.

Mr. WHITLEY. You have seen the letter before?

Mr. DALINDA. Yes; I know that letter.

Mr. WHITLEY. The letter in question is written on the stationery of the Carp Export & Import Corporation, and is dated June 29, 1937, addressed to Hon. Preston McGoodwin, Washington, D. C. It reads:

CARP EXPORT & IMPORT CORPORATION,
New York City, June 29, 1937.

HON. PRESTON MCGOODWIN,
Washington, D. C.

DEAR SIR: We are very much obliged to you for consenting to serve us in securing the placement of a contract or contracts satisfactory to our principal, with an American manufacturer or manufacturers such as we may choose, to make for the Carp Export & Import Corporation, as agent, of the shipbuilding trust of the Union of Soviet Socialist Republics, all plans, specifications, and working drawings for a most modern and up-to-date battleship of at least 35,000 tons, having a main battery of nine 16-inch guns and for the manufacture and delivery for export to the Union of Soviet Socialist Republics of all complete and latest designed artillery, turrets, fire control, armor, propulsion machinery, catapults with airplane, precision instruments, and all other parts, machinery, and equipment which go to make up a full and complete, most modern, and up-to-date battleship in all its details, as aforesaid.

Since time is of the essence, will you be good enough to let us hear from you within about 1 week?

Very truly yours,

CARP EXPORT & IMPORT CORPORATION,
By SAM CARP, *President.*

I call your particular attention, Mr. Chairman, to the statement in there, "to make for the Carp Export & Import Corporation, as agent of the shipbuilding trust of the Union of Soviet Socialist Republics."

Mr. Carp describes himself thus in this letter.

The CHAIRMAN. What kind of a ship did they say they wanted?

Mr. WHITLEY. A ship with guns, turrets, fire control, armor, propulsion machinery, catapults with airplane, precision instruments; in other words, he sums up by saying, "all other parts, machinery, and equipment which go to make up a full and complete, most modern and up-to-date battleship in all its details, as aforesaid."

Mr. DALINDA. But I think Carp never denied that he represents the Soviet Government.

The CHAIRMAN. Yes; he did. Carp denied under oath yesterday that he was an agent of the Soviet Government or a representative. He said he was not an agent, and so did Wolf. Both of them said that under oath.

Mr. DALINDA. I am sorry to hear that.

Mr. WHITLEY. He also denied that he had written a letter describing himself as an agent.

Mr. DALINDA. That was probably found in my file, that letter, and I cannot help but admit it.

Mr. DEMPSEY. Mr. Dalinda, in connection with this battleship which is described there, what is there is connection with that that would be a violation of the ethics of the State Department to give you a clearance for that?

Mr. DALINDA. You see, Mr. Congressman, there is no ethics involved here. To the contrary, they would be all in favor of placing such a heavy order, in 1937, where money would be spent, millions of dollars of business that the steel companies did not have. But there are numerous points which are on a secret list. Take fire control, for instance; it means that the ship is enabled almost automatically to hit the enemy. Especially aviation. Such a thing, and many others which I do not know, are on a prohibited list, which cannot be given unless approved by the State Department. There are numerous ways of doing the same thing, so they may approve another way which, as far as the United States Government is concerned, is no secret.

Mr. VOORHIS. In other words, they might build a ship, but there are certain parts of the ship which are military secrets of the United States, which would not be allowed to be put into the ship.

Mr. DALINDA. That is right.

Mr. DEMPSEY. But it could be duplicated.

Mr. DALINDA. Not duplicated, but made in another way.

Mr. DEMPSEY. It would not be a duplicate, but something equally usable.

Mr. DALINDA. Not as perfect.

The CHAIRMAN. I want to direct attention to the testimony where Mr. Carp testified that the State Department refused to approve the plan for his ship, and these naval architects then permitted the plans to be taken by this messenger, Captain Joyce, to Moscow, and there the plans were gone over with the naval commission, and the Soviet Government paid the expenses of this Captain Joyce to take these plans. And from his testimony, as I understood it, those plans had never been approved by the State Department. Nevertheless, so far as the Soviet Government is concerned, the plans were carried by a messenger, Captain Joyce, whose expenses were being paid by the Soviet Government.

Mr. DEMPSEY. Without the approval of the State Department.

The CHAIRMAN. There had never been any approval by the State Department. That is the testimony of Carp before this committee.

Mr. DALINDA. Mr. Chairman, I am afraid that that is a misunderstanding, because it is common knowledge that Gibbs' plan for a big vessel, of 50,000 tons, was approved by the State Department.

The CHAIRMAN. Oh, no.

Mr. DALINDA. But that was common knowledge.

The CHAIRMAN. Well, I believe I am wrong there.

Mr. DEMPSEY. Mr. Dalinda, from your statement—I have never read anything about your record—you are a businessman?

Mr. DALINDA. Yes, sir.

Mr. DEMPSEY. You have promoted many things?

Mr. DALINDA. Yes, sir.

Mr. DEMPSEY. You were acting as a promoter in this instance, to put this thing over?

Mr. DALINDA. Yes, sir.

Mr. DEMPSEY. That was your job?

Mr. DALINDA. That was my job. I was in it to make some money, but the main consideration was something else.

Mr. VOORHIS. Now, the plain matter of fact is that the battleship was never actually constructed?

Mr. DALINDA. Oh, it was never actually constructed. It takes about 4 years to make.

Mr. VOORHIS. But I mean it never was started?

Mr. DALINDA. No; it never was started.

The CHAIRMAN. Right there, do you remember when the plans were taken to Moscow?

Mr. DALINDA. I never learned that until this morning.

The CHAIRMAN. You never learned that the plans were taken to Moscow?

Mr. DALINDA. Oh, no; I never knew that, because I would have to approve them.

The CHAIRMAN. When you read that in the papers, that was the first time you knew that the plans were adopted?

Mr. DALINDA. That was the first thing I knew about the plans being adopted.

The CHAIRMAN. You do know that Russia has since then built a superbattleship?

Mr. DALINDA. No; I have not heard that, and I doubt that very much.

The CHAIRMAN. Why do you doubt it?

Mr. DALINDA. Because they couldn't do it.

The CHAIRMAN. Why couldn't they do it? I mean not build it, but to have it in the process of building?

Mr. DALINDA. No; I doubt that, because even in the United States they are afraid to start with \$45,000.

The CHAIRMAN. By the way, did you know President Harding yourself?

Mr. DALINDA. Yes; I knew him.

The CHAIRMAN. Were you in and about Washington when he was President of the United States?

Mr. DALINDA. Yes, sir; often.

The CHAIRMAN. Were you involved in the Teapot Dome matter in any way?

Mr. DALINDA. No.

The CHAIRMAN. Was not your name brought in in connection with that?

Mr. DALINDA. Never.

The CHAIRMAN. You had no connection whatever with that investigation?

Mr. DALINDA. None whatsoever. My connection was very simple, and I wrote some articles about that.

Mr. STARNES. You know nothing, then, of the fact that the Soviet Government rejected the plans for the battleship?

Mr. DALINDA. I know it now, because I signed the papers, and I was very much surprised to see that they had left this country.

Mr. STARNES. But they rejected the plans because it would take too long to complete that type of ship; it would take 4½ or 5 years?

Mr. DALINDA. To make it in Russia, it would take much more. But in the United States it would take about 5 years.

Mr. STARNES. And you know nothing at all of the fact that they rejected the plans because it would take too long to construct it, and it would not be ready for the purpose for which they intended it?

Mr. DALINDA. I did not know that; but I did not even know that the parts were sent over there. I did not know that Carp left for Russia.

Mr. VOORHIS. Was there ever any discussion, Mr. Dalinda—

Mr. DALINDA. Between whom?

Mr. VOORHIS. You have mentioned two or three times that Mr. Carp kept saying that the job had not been properly done by Mr. McGoodwin and the rest?

Mr. DALINDA. Yes.

Mr. VOORHIS. And that the other men felt that it had been. Now, was there ever a disagreement between Mr. Carp and the other people due to the fact that Mr. Carp wanted certain specific things approved about these ships that had not been approved?

Mr. DALINDA. It could not have been approved as to one part and not the others. It was needless to have a part of it. They needed the whole thing.

Mr. VOORHIS. I understand, but I just wondered whether there were some of the particular features of the ship which you mentioned.

Mr. DALINDA. No; it is as one unit that it has to be approved, because it is obviously needless if you have one part of it without having the others.

Mr. WHITLEY. Mr. Dalinda, did Mr. Carp ever tell you where he kept the \$200,000,000 in cash which he was supposed to have in this country?

Mr. DALINDA. It was banked, in banks.

Mr. WHITLEY. What banks?

Mr. DALINDA. I knew his bank. It is the Manufacturing Trust, I think. Anyhow, his bank did not have that amount.

Mr. WHITLEY. Did he tell you that he kept part of it in his safe in his home?

Mr. DALINDA. No.

Mr. WHITLEY. Did he tell you that he kept part of it in his safe-deposit box?

Mr. DALINDA. No; he never told me that.

Mr. WHITLEY. Did he tell you the name of the Soviet official that sent him the funds—the \$200,000,000?

Mr. DALINDA. I don't recall; but there was more implication always than direct statement—that I am in a position to spend \$200,000,000. Sometimes it was bigger, but there was nothing small about it.

Mr. WHITLEY. And he did tell you specifically that he received his commission as purchasing agent for the Soviet Government from Stalin himself?

Mr. DALINDA. His commission to do the job here; yes.

Mr. WHITLEY. He received that from Stalin himself?

Mr. DALINDA. Yes.

Mr. WHITLEY. Do you know whether Mr. Carp used any aliases?

Mr. DALINDA. No; his name is Carpowski. He is called Carp for short.

Mr. WHITLEY. In referring to him in your correspondence, you and Mr. Ferris and Mr. McGoodwin called him Rodriguez, did you not?

Mr. DALINDA. We would call him Rodriguez.

Mr. WHITLEY. Why did you call him that?

Mr. DALINDA. Sometimes we called him Carp.

Mr. WHITLEY. But more often Rodriguez?

Mr. DALINDA. More often. It happened in this way: McGoodwin and I sometimes speak Spanish, and he reminded me very much of someone named Rodriguez—just like I called Mr. Ferris very often Sir Walter, because my acquaintance with him is not very long, and I couldn't call his first name.

Mr. WHITLEY. What is Mr. Carp's real name?

Mr. DALINDA. Carpowski.

Mr. WHITLEY. Will you spell that?

Mr. DALINDA. C-a-r-p-o-w-s-k-i.

Mr. WHITLEY. Now, Mr. Dalinda, where did Mr. Ferris pay you the \$8,000?

Mr. DALINDA. At my office in New York.

Mr. WHITLEY. Did he pay you in cash or by check?

Mr. DALINDA. In cash.

Mr. WHITLEY. In bills?

Mr. DALINDA. Yes.

Mr. WHITLEY. In what denominations?

Mr. DALINDA. I think it was in hundreds; some hundreds; I don't remember.

Mr. WHITLEY. Do you remember the exact date?

Mr. DALINDA. No; I could check that and deliver the information.

Mr. WHITLEY. And where was the \$12,500 paid you by Mr. McGoodwin?

Mr. DALINDA. In Washington, D. C.

Mr. WHITLEY. Where in Washington?

Mr. DALINDA. At the Hay-Adams Hotel. I always stopped there.

Mr. WHITLEY. And that payment was made in cash?

Mr. DALINDA. Yes, sir.

Mr. WHITLEY. Did you make any record on your books of the receipt of either of those amounts?

Mr. DALINDA. Yes, sir; both of them.

Mr. WHITLEY. Mr. Dalinda, under what name do you transact your business at 551 Fifth Avenue?

Mr. DALINDA. Joseph Z. Dalinda; and I have two corporations—the Commercial Ingredients Corporation and Industrial Development Corporation.

Mr. WHITLEY. And who are the officers of those corporations?

Mr. DALINDA. I am president; my secretary is the secretary, and my brother was vice president.

Mr. WHITLEY. Are they also the directors?

Mr. DALINDA. They are also the directors.

Mr. WHITLEY. Are they active or just dummy directors?

Mr. DALINDA. They are not active. I told them those corporations are not active.

Mr. WHITLEY. Are they incorporated under the laws of the State of New York?

Mr. DALINDA. The State of New York.

Mr. WHITLEY. Do you use any names other than your own?

Mr. DALINDA. No.

Mr. WHITLEY. Mr. Dalinda, you read Russian?

Mr. DALINDA. Indeed, I do.

Mr. WHITLEY. Have you ever read any of the correspondence between Mr. Carp and his brother-in-law, Premier Molotov?

Mr. DALINDA. No.

Mr. WHITLEY. Do you know whether Mr. Carp carries on correspondence with his brother-in-law?

Mr. DALINDA. I would expect so. On occasions, I heard about cable exchanges.

Mr. WHITLEY. You have heard him mention cable communications?

Mr. DALINDA. Yes, sir; and in connection with my fuse business he said he had cabled instructions from his brother-in-law.

Mr. WHITLEY. Had Mr. Carp ever told you anything about his correspondence with Stalin or other Russian officials?

Mr. DALINDA. Correspondence with Stalin?

Mr. WHITLEY. Or communications.

Mr. DALINDA. He told me that when in Moscow he would see Stalin at his brother-in-law's—at his sister's home—see him unofficially, and would discuss the businesses in hand. He said so to many people.

Mr. WHITLEY. From whom did Carp receive his instructions, with reference to purchases to be made on behalf of the Soviet Government?

Mr. DALINDA. You see, officially, probably—coming from an official of the government, he would not know the department. He says, "from Rosenberg," but the man is shot, and nobody can check it up. That is too big a job to be given by a department to a man who has a small business.

Mr. WHITLEY. In other words, you do not know who specifically gives him detailed instructions for purchases?

Mr. DALINDA. You want me to say which department?

Mr. WHITLEY. Which department; or does he deal with some specific individual?

Mr. DALINDA. Certainly he does not correspond with Stalin in such a matter, but with some department; I would not know which.

Mr. WHITLEY. Do you know whether he made several trips a year to Russia and received personal instructions, or did he always receive written instructions?

Mr. DALINDA. I know that he went to Russia to get personal instructions, but I don't know any more about it.

Mr. WHITLEY. You do not know whether he received any written instructions or not?

Mr. DALINDA. I would expect he did, because he could not get all instructions orally.

Mr. WHITLEY. Do you know whether Mr. Carp received instructions from the Amtorg Trading Corporation?

Mr. DALINDA. No; I do not know of my own knowledge.

Mr. WHITLEY. Did Mr. Carp ever introduce you to any of these Soviet officials in the United States?

Mr. DALINDA. I mentioned Eisenberg before, and Terentieff, who came to my office in connection with buying some parts, apart from

the fuse. On one occasion I met one of the Navy men in Carp's office.

Mr. WHITLEY. That was one of the members of the naval commission sent over by the Soviet Government?

Mr. DALINDA. Yes.

Mr. WHITLEY. How many commissions were sent over during the period we are referring to?

Mr. DALINDA. I don't know how many; but at one time he kept something like 12 men next to his office for over a year, or maybe a year and a half.

Mr. WHITLEY. Mr. Dalinda, did you ever take Mr. Wolf or Mr. Carp, either individually or together, into any department of the United States Government?

Mr. DALINDA. Never.

Mr. WHITLEY. Did Mr. Ferris ever take them to any Government departments?

Mr. DALINDA. Mr. Ferris took——

Mr. WHITLEY. Took Mr. Carp and Mr. Wolf both?

Mr. DALINDA. I wouldn't know that. I think he took Mr. Carp, but I don't know.

Mr. WHITLEY. To what department?

Mr. DALINDA. The State Department.

Mr. WHITLEY. Did he take either of them to the Navy Department?

Mr. DALINDA. I don't think he took them to the Navy. I don't know. Mind you, Mr. Counselor, Mr. Ferris felt like, as attorney for Carp, that he is not supposed to tell even me about what is going on, and I often did not know. I would hear from McGoodwin or somebody.

Mr. WHITLEY. You had a pretty good idea of what was going on, did you not?

Mr. DALINDA. Yes; I did.

Mr. WHITLEY. Did you and Mr. Ferris have a conference with Mr. Carp and Mr. Wolf at the United States Navy Department?

Mr. DALINDA. No; I did not.

Mr. WHITLEY. Do you know whether any plans for battleships or destroyers prepared at Mr. Carp's instance in this country ever got into the hands of the Soviet Government?

Mr. DALINDA. You mean any plans prepared here went to Russia?

Mr. WHITLEY. Yes.

Mr. DALINDA. I hear now that one went, but I did not know at that time.

Mr. WHITLEY. But do you know that those were not supposed to be turned over; that they were just taken over for a very cursory examination and to be brought back by a special messenger who was sent to protect them, and were sent to the Soviet Government?

Mr. DALINDA. But when they see the plans, Navy people understand right away.

Mr. WHITLEY. So far as you know, did any of the plans drawn or prepared in this country at Mr. Carp's instance, or under his instructions, ever get into the hands of the Soviet Government?

Mr. DALINDA. I don't know.

Mr. WHITLEY. Has anyone ever told you that they had?

Mr. DALINDA. No.

Mr. WHITLEY. Mr. Carp has never told you?

Mr. DALINDA. No, no. Mind you, Carp—you saw him yesterday. He is a careful man.

The CHAIRMAN. What kind of a man?

Mr. DALINDA. A careful man.

The CHAIRMAN. A careful man?

Mr. DALINDA. Yes; more so.

Mr. WHITLEY. Do you know whether Carp is interested in getting plans for any type of craft other than battleships?

Mr. DALINDA. Yes; I think he spoke about small cruisers—something between a destroyer and a cruiser.

Mr. WHITLEY. What did he do with reference to having plans prepared or construction undertaken on that type of vessel?

Mr. DALINDA. I don't know, but I heard that from Mr. Ferris, saying that now, so far as the big ship was concerned, they had changed their minds, and they want small ships—quite a few.

Mr. WHITLEY. Do you know whether the plans for the smaller ships are going ahead?

Mr. DALINDA. I don't know. I don't think so.

Mr. WHITLEY. You have no active connection with Mr. Carp and his activities at the present time?

Mr. DALINDA. No; I do not.

Mr. WHITLEY. Mr. Dalinda, you seem to be well informed with reference to this picture and all the activities engaged in. What, in your opinion, is the reason that Mr. Carp, who admits that he is not a naval expert, was selected by the Soviet Government to undertake a mission in this country involving the amount which was or would have been involved had it gone through?

Mr. DALINDA. I have no information or knowledge. I have an opinion on it, but I don't think the committee would be interested in that.

Mr. WHITLEY. No; we are not interested in opinions. I thought maybe Mr. Carp had enlightened you somewhat in that respect.

Mr. DALINDA. It is useless to say. It is money what he wants; and he wanted a medal.

Mr. WHITLEY. He wanted money and a medal?

Mr. DALINDA. Yes. He was getting 5 percent.

Mr. WHITLEY. But from your own knowledge you can state——

Mr. STARNES (interposing). He was getting what percent?

Mr. DALINDA. Five percent.

Mr. WHITLEY. From your own knowledge you can state that he was not selected because of his knowledge of naval affairs?

Mr. DALINDA. No; of my own knowledge I could state, not for that reason.

Mr. WHITLEY. Did you have anything at all to do with the plans which have been drawn up for him for these smaller naval vessels?

Mr. DALINDA. No; I did not. I learned that accidentally, that they switched the idea from a big ship to quite a few small ones, and I thought, "That is a heavy thought."

Mr. WHITLEY. Do you know whether Mr. Ferris has any information as to whether any of these plans have ever gotten into the hands of the Soviet Government?

Mr. DALINDA. Which plans; which were sent to Moscow?

Mr. WHITLEY. Yes; I mean turned over. Did you ever receive a letter from Mr. Ferris saying that he understood the plans were in the hands of the Russians?

MR. DALINDA. I think—I did not hear from Ferris for quite some time, and I wired him asking to advise me as to what was going on, and he wrote me something to that effect.

MR. WHITLEY. That he understood the plans were in the hands of the Russians?

MR. DALINDA. Yes.

MR. WHITLEY. That was the tenor of it?

MR. DALINDA. Yes; but I never thought of that.

MR. WHITLEY. Was that your interpretation of that letter?

MR. DALINDA. No. I thought he had some commissions or something like that.

MR. WHITLEY. You did not interpret it to mean that in some way the Russians had gotten possession of those plans?

MR. DALINDA. No; I never thought of that.

MR. VOORHIS. What were those plans?

MR. DALINDA. There were something like a hundred, or a couple of hundred blueprints, and those versed in the art of shipbuilding could figure out right away what it means.

MR. WHITLEY. Mr. Dalinda, do you know any of the following individuals, and if so, what were your dealings with each one: Wakeman?

MR. DALINDA. I met Mr. Wakeman on one occasion. I asked him, bluntly, "Why don't Bethlehem want to take the offer?"

MR. WHITLEY. He is president of the Bethlehem Co.?

MR. DALINDA. He was the president of the Bethlehem Shipbuilding Co.

MR. WHITLEY. Mr. McCatt?

MR. DALINDA. I think that is a misspelled name, but I know him. He is an official.

MR. WHITLEY. Or it may be McCabe.

MR. DALINDA. Maybe. I met the gentleman also only once, on the same occasion. Of course, I didn't believe the stories which were told, that they don't want it, because it was a big order, and it was a big shipbuilding company, and didn't pay any dividends.

MR. WHITLEY. Did they tell you why they did not accept the offer?

MR. DALINDA. They never told me.

MR. WHITLEY. Do you remember Admiral Green?

MR. DALINDA. No. I remember Mr. Green, at the State Department.

MR. WHITLEY. That is probably what is meant here. Admiral Leahy?

MR. DALINDA. No; I never met him.

MR. WHITLEY. Did you ever meet the Under Secretary of the Navy, Mr. Charles Edison?

MR. DALINDA. No; I never did.

MR. WHITLEY. Do you know whether Mr. Carp is acquainted with any of these individuals?

MR. DALINDA. I think Mr. Carp met Admiral Leahy. I think so.

MR. WHITLEY. Have you ever met the Secretary of State?

MR. DALINDA. No; I never had the pleasure.

MR. WHITLEY. Have you ever sold any patents to Mr. Carp or to the Soviet Government?

MR. DALINDA. No; I never sold any.

Mr. WHITLEY. Of the various patents that you have offered to Carp, he has not purchased any of them?

Mr. DALINDA. No; he did not.

Mr. WHITLEY. Did all those patents have to do with military or naval activities?

Mr. DALINDA. No; naval activities; it was a fuse, and I gave him an offer to the Department, upon which he never reported—an acoustic device.

Mr. WHITLEY. The fuse which you offered to the Soviet Government—you owned the patent to that fuse?

Mr. DALINDA. At that time I owned it. Since then I sold it to a French company.

Mr. WHITLEY. Did you sell that patent, or some other patent, to the French Government, for \$2,000,000?

Mr. DALINDA. I regret to say no.

Mr. WHITLEY. Did you make a statement to the effect that you had sold the patent to the French Government for \$2,000,000?

Mr. DALINDA. No. That is absurd in itself. Patents are not paid \$2,000,000. I would have had to build a whole factory to produce that fuse, and the factory would have cost over \$2,000,000.

Mr. WHITLEY. You did not tell Mr. Nolan that you had sold that to the French Government for \$2,000,000, did you?

Mr. DALINDA. I told him I expected to, and that I understood that somebody was prepared to pay me for establishing the factory?

Mr. WHITLEY. Have you ever sold the rights to that particular fuse to England?

Mr. DALINDA. No; but they are under consideration with England.

Mr. WHITLEY. Have you sold the rights to that fuse to Germany?

Mr. DALINDA. Oh, no; I have not.

Mr. WHITLEY. To Italy?

Mr. DALINDA. No. They are only submitted to France and England, and are to be submitted to the United States.

The CHAIRMAN. You testified that you did not give any of this money except the twenty-odd-thousand dollars that you got—

Mr. DALINDA. Yes.

The CHAIRMAN. You testified that you did not give any of that to anyone except to two individuals?

Mr. DALINDA. Except to two individuals; yes, sir.

The CHAIRMAN. Mr. Dubrowski and—

Mr. DALINDA. And Mr. Benenson.

The CHAIRMAN. As a matter of fact, did you not make a political contribution with a part of that money?

Mr. DALINDA. Yes; a hundred dollars I gave to one man—to that Mellen. I mentioned him.

The CHAIRMAN. To whom?

Mr. DALINDA. Chase Mellen. He ran for assemblyman in New York City, and I gave a hundred dollars to him.

The CHAIRMAN. That was the only political contribution?

Mr. DALINDA. That was the only political contribution.

The CHAIRMAN. Out of this fund?

Mr. DALINDA. I would not say, but during that period of time.

The CHAIRMAN. I am talking about out of this fund. Didn't you make a political contribution in the senatorial race out of this fund?

Mr. DALINDA. Never.

The CHAIRMAN. You are sure of that?

Mr. DALINDA. I appreciate your question. I don't know what you refer to, but I did not.

Mr. WHITLEY. Mr. Dalinda, what military patents have you sold to the United States Navy or Army during the last 5 years?

Mr. DALINDA. I didn't.

Mr. WHITLEY. No?

Mr. DALINDA. No. I proposed, and I expect to.

Mr. WHITLEY. To what European governments other than France have you sold patents in the last 5 years?

Mr. DALINDA. No others. Not to governments, but to companies.

Mr. WHITLEY. To what companies?

Mr. DALINDA. In France.

Mr. WHITLEY. In the last 5 years you sold patents to companies in France?

Mr. DALINDA. Yes. I am almost at the end of concluding business in England. It is probably finished, but due to the mail delays—

Mr. WHITLEY. Mr. Chairman, do you want to start with your examination?

The CHAIRMAN. No; it is rather late.

The committee will stand adjourned until tomorrow morning at 10 o'clock.

Mr. DALINDA. Do I understand; am I to report tomorrow again, Mr. Chairman?

The CHAIRMAN. Report back at 10 o'clock tomorrow.

(Thereupon the committee adjourned until tomorrow, Wednesday, September 20, 1939, at 10 a. m.)

INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

WEDNESDAY, SEPTEMBER 20, 1939

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE
UN-AMERICAN ACTIVITIES,
Washington, D. C.

The Committee met at 10 a. m., in the caucus room, House Office Building, Hon. Martin Dies (chairman) presiding.

The following members were present: Messrs. Starnes, Dempsey, Voorhis, Mason, and Thomas.

Also present: Mr. J. B. Matthews, research director of the committee.

TESTIMONY OF JOSEPH ZIONSON DALINDA—Resumed

The CHAIRMAN. Mr. Dalinda, as I recall, you testified yesterday that you did not know that Mr. Carp had received large sums of cash from the Soviet Government.

Mr. DALINDA. I did not know of my own knowledge; no, sir.

The CHAIRMAN. Did you have any reason to suspect that from your contact with him?

Mr. DALINDA. Certainly.

The CHAIRMAN. That is your answer?

Mr. DALINDA. Yes, sir.

The CHAIRMAN. Did you know that it was a large sum of money?

Mr. DALINDA. I heard it was some \$200,000,000.

The CHAIRMAN. Did you know that the money was to be used for purposes that they did not want to have a record made of?

Mr. DALINDA. I did not think so. I understand that the State Department also knew of the existence of the amount of money, and said so to Mr. Ferris, and that it was a bona fide fund.

The CHAIRMAN. I am talking about the use of the cash money. Did you have reason to believe that they would spend the money for purposes that they did not want to have a record of?

Mr. DALINDA. That is an inevitable conclusion.

The CHAIRMAN. For your information and the information of the committee, I have the personal bank account of Mr. Sam Carp, which shows deposits. This was obtained from the Empire State Building Branch of the Manufacturers Trust Co., Thirty-fourth Street and Fifth Avenue, New York. An examination of the record discloses that the personal account of Sam Carp was opened August 12, 1937, with an initial deposit of \$140,000. The account is active at the present

time with a balance of \$35,511.97, as of July 31, 1939. The account was checked from August 12, 1937, to July 31, 1939. The total amount deposited in cash was \$328,578.73. According to the investigator, it was learned from various tellers and employees of the bank that almost without exception the deposits made by Sam Carp in his personal account were in cash.

A register, upon which all deposits other than cash deposits are noted, bears out this fact.

At the Canal Street Branch of the Manufacturers Trust Co., an examination of the records disclosed that the account of the Carp Export & Import Corporation was opened on July 14, 1936.

In this account, there are huge deposits, but the chairman has not yet had an opportunity to ascertain the total amount of funds deposited in this account to the credit of the Carp Import & Export Corporation. The Chair has not had an opportunity to add them up to ascertain how much it is, but I will do so at a later time. I have before me here some of the large deposits. For instance, there is a deposit of \$30,255, and the maker of the check is the Amtorg Trading Corporation. These amounts of deposit range from \$32,000 to \$53,000, \$57,000, \$25,000, \$49,000, and so forth. In the case of all of them, with the exception of one, the maker of the checks is the Amtorg Trading Corporation. The total amount would run into a very large figure. I have here the bank accounts showing the various deposits of the Amtorg Trading Corporation.

Mr. STARNES. Will all of that be inserted in the record?

The CHAIRMAN. Yes.

(The statement referred to is as follows:)

NEW YORK CITY, September 19, 1939.

Re Sam Carp.

CARP EXPORT & IMPORT CORPORATION.

220 Fifth Avenue, New York City.

Reference is made to verbal instructions received by the writer from Mr. Rhea Whitley to the effect that a check should be made on the bank account of the Carp Export & Import Corporation and of the personal account of Sam Carp.

At the Manufacturers Trust Co., 55 Broad Street, New York City, advice was received from W. L. Schneider, vice president, that the account of the Carp Export & Import Corporation was located at the Canal Street branch, and that the personal account of Sam Carp is located at the Empire State Building branch. A subpoena calling for the production of the records of both accounts was served on Mr. Schneider, a copy of which is attached hereto.

At the Canal Street branch of the Manufacturers Trust Co., 407 Broadway, an examination of the records disclosed that the account of the Carp Export & Import Corporation was opened on July 14, 1936, with an initial deposit of \$2,500; and that the officers of the corporation were as follows: Sam Carp, president; Morris Wolf, attorney; and S. Jean Wolf, secretary-treasurer. S. Jean Wolf is the wife of Morris Wolf.

At the request of the writer, Mr. Becker, branch manager, furnished photostat copies of the ledger sheets relating to this account, which are attached hereto.

Further examination of the ledger sheets disclosed substantial deposit items which were represented by the following described checks:

Date	Amount	Maker of check	Bank
Oct. 6, 1936	\$30,255.00	Amtorg Trading Corporation	Chase National Bank.
Jan. 7, 1937	30,810.22	do	Do.
Feb. 8, 1937	32,301.18	do	Do.
Do	6,532.35	do	Do.
Feb. 16, 1937	53,000.00	do	Do.
Mar. 5, 1937	75,939.64	do	Do.
Apr. 22, 1937	8,656.43	do	Do.
Do	53,553.52	do	Do.
Nov. 24, 1937	25,000.00	D. Rosoff	Do.
Mar. 2, 1937	49,922.50	Certified check drawn by Carp Export & Import Corporation on Manufacturers Trust to Aviation Manufacturing Corporation which was redeposited to the account of the Carp Corporation.	

The records of the bank further disclosed the following certified-check items as shown by the ledger sheets:

Date	Amount	Payee
Feb. 19, 1937	\$49,922.50	Aviation Manufacturing Corporation.
Mar. 12, 1937	25,922.50	Vultee Aircraft Division.
Apr. 26, 1937	58,049.51	No. 114 (New York Trust Co.).
June 17, 1937	13,942.80	Payee illegible.

There were no returned-check items shown on the ledger sheets; nor any further information relating to this account at the bank.

At the Empire State Building branch of the Manufacturers Trust Co., Thirty-fourth Street and Fifth Avenue, an examination of the records disclosed that the personal account of Sam Carp was opened on August 12, 1937, with an initial deposit of \$140,000. The account is active at the present time, with a balance of \$39,511.97 as of July 31, 1939.

The account was checked from August 12, 1937, to July 31, 1939, the monthly deposits and withdrawals during that period being as follows:

Date	Deposits	Withdrawals	Date	Deposits	Withdrawals
1937			1938—Continued		
August	\$140,000.00	\$26,000.00	August	37,890.55	\$1,859.00
September	(1)	12,079.76	September	(1)	10,571.50
October	(1)	1,000.00	October	(1)	9,706.00
November	9,325.48	69,869.43	November	(1)	5,895.00
December	(1)	6,000.00	December	(1)	15,252.50
1938			1939		
January	(1)	2,200.00	January	28,248.41	13,502.00
February	(1)	8,950.00	February	10,562.78	27,793.20
March	241.25	6,871.40	March	18,119.04	11,632.99
April	35,000.00	35,704.70	April	27,370.85	57,204.00
May	13,899.68	26,884.28	May	63,378.90	18,360.00
June	3,000.00	4,680.00	June	(1)	40,000.00
July	66,921.79	3,521.00	July	(1)	(2)

¹ No deposits.

² No withdrawals.

Adding machine tabulations setting out in detail the individual amounts comprising the above totals are attached hereto.

It was learned from various tellers and employees of the bank that, almost without exception, all deposits made by Sam Carp in his personal account are in cash. A register, upon which all deposits other than cash deposits are noted, bears out this fact.

An examination of the copies of the certified check items on file at the bank revealed the following:

Serial No.	Date	Amount	Payee
95783 -----	Nov. 12, 1937	\$9,325.48	National City Bank or Marmon Her-
54897 -----	Apr. 25, 1938	18,000.00	ington Co., Inc.
31923 -----	May 10, 1939	18,360.00	Sam Carp.
			Collector of Customs.

There were no returned check items shown on the ledger sheets.

The records of the bank further disclose a safe-deposit box in the name of Sam Carp which was rented on November 1, 1938, and to which no one else has access except Carp. However, no activity record is maintained by the bank of entries made by the individual to whom the boxes are rented.

No other information relating to this account was obtainable at the Manufacturers Trust Co.

THOMAS J. CONNOR.

The CHAIRMAN. The man had several bank deposits, and \$378,000 in cash we know of. Now, what I want to know from you is what you know about the distribution of this cash fund besides what you have testified about.

Mr. DALINDA. Mr. Chairman, I do not know anything in addition. Mr. Carp voluntarily stated that in every way what I told you. He never told me or insisted he had cash of that amount of money in his account. On the contrary, I knew from money that was passed from him that he said he had to go to Moscow for money to be sent to him.

The CHAIRMAN. He did not mention to you the names of the people who got cash sums from him?

Mr. DALINDA. No, sir. Does he have money in his account?

The CHAIRMAN. Yes, sir; there is a balance of \$35,000 in his personal account.

Mr. DALINDA. And all that amount of money has disappeared?

The CHAIRMAN. The rest of it is gone.

Mr. DALINDA. It is gone?

The CHAIRMAN. Yes. Here is the account which was checked from August 12, 1937, to July 31, 1939. It shows that in August he withdrew \$26,000, and in September \$12,079. There is a statement of his withdrawals on down. There is no record of what was done with it, because we cannot get the returned checks. There were no returned checks for the items shown on the ledger sheets showing where these disbursements went.

Mr. DALINDA. Does it mean that all that amount of money deposited in the bank has disappeared?

The CHAIRMAN. All but about \$35,000. Now, your correspondence indicates to me that you have some idea what was done with those funds, and I want you to tell the committee frankly—

Mr. DALINDA (interposing). Mr. Chairman, I hold in high respect this committee. I think it is a great necessity, and I am trying to accommodate you to the best of my ability, but my guess would be that Carp has the money himself.

The CHAIRMAN. Of course, he got cash. He put cash in, and he got cash out, and we want to know what he did with the cash. We have a record of the Carp Export & Import Corporation. We have

their books. We have the deposits of the Carp Export & Import Corporation. This money came from the Amtorg.

Mr. DALINDA. There were a few hundred thousand dollars, and there are left about \$40,000?

The CHAIRMAN. About \$35,000.

Mr. DALINDA. My guess would be——

The CHAIRMAN (interposing). Did you, from your contacts with and conversations with him, and from your contacts with McGoodwin, Ferris, and others, learn of other people to whom these funds were distributed?

Mr. DALINDA. I never heard from him to that effect.

The CHAIRMAN. Were other people brought in on this deal in the city of Washington?

Mr. DALINDA. No, sir. I will tell you how I conclude that. I conclude that from the fact that when Mr. Ferris agreed to represent him he made the point, the definite point, that if he has anybody else he will want to know who it is, and that if he was getting any memorandums here or was consulting with anybody he must depend on the advice of Mr. Ferris as to how to proceed in the matter.

Mr. STARNES. When did you first meet Mr. McGoodwin?

Mr. DALINDA. Years ago, in 1916, in the Republic of Venezuela, at Caracas, where he was the American Minister.

Mr. STARNES. Was it when you went down to Venezuela on an oil deal? Is that when you first met him, in 1916?

Mr. DALINDA. Yes, sir. I carried a letter of introduction.

Mr. STARNES. The letter of introduction was from whom?

Mr. DALINDA. From the Pan American Union, John Barrett.

Mr. STARNES. At that time McGoodwin was Minister to Venezuela from the United States?

Mr. DALINDA. Yes, sir. We struck up a friendship as newspaper people, and ever since I am proud to say that we have been friends.

Mr. STARNES. Since that time you and he have been close friends?

Mr. DALINDA. Yes, sir.

Mr. STARNES. And you have had a number of business deals and transactions with him?

Mr. DALINDA. Not business dealings, because it was simply personal friendship rather than business.

Mr. STARNES. When did your business relations with him begin?

Mr. DALINDA. With this Carp transaction.

Mr. STARNES. Was that the first time that you had a business transaction with Mr. McGoodwin?

Mr. DALINDA. We attempted to make one years ago, but never came out with it.

Mr. STARNES. What business deal was that?

Mr. DALINDA. With the Standard Oil Co. of New Jersey.

Mr. STARNES. What was that deal?

Mr. DALINDA. It was an oil concession in Venezuela. Nothing came from that.

Mr. STARNES. In what year was that?

Mr. DALINDA. I guess about 1920 or 1919.

Mr. STARNES. About a year and a half after the World War?

Mr. DALINDA. Yes, sir.

Mr. STARNES. He was still living in Venezuela at that time?

Mr. DALINDA. No, sir; he was in New York.

Mr. STARNES. Was he still Minister to Venezuela?

Mr. DALINDA. He was out of the Service. No, sir; he was not Minister. I would say that was in 1921.

Mr. STARNES. He was Minister from 1913 to 1921?

Mr. DALINDA. Yes, sir; he has not been Minister since that time. I am sorry for that error, but in going back that far one does not remember.

(Thereupon, upon motion of Mr. Dempsey, duly seconded, the committee went into executive session. After some time in executive session, the committee resumed the hearing, with Mr. Dalinda on the stand.)

The CHAIRMAN. Mr. Dalinda, the figures of the Carp Export & Import Co., from July 14, 1936, to July 21, 1939, show they deposited \$585,025.

Dr. Matthews will conduct the examination at this time.

Mr. MATTHEWS. Mr. Dalinda, yesterday you identified a letter written by Mr. Carp to Mr. Preston McGoodwin, in which Mr. Carp stated that his export and import firm was an agent for the shipbuilding trust of the U. S. S. R.

Mr. DALINDA. I recall that letter. Mr. McGoodwin did not accept that letter.

Mr. MATTHEWS. Following up the statement that this company was the agent of a foreign principal, I ask you to identify this letter. [Presenting it.] Did you receive that letter from Mr. Carp?

Mr. DALINDA. Yes, sir.

Mr. MATTHEWS. The letter is dated June 1, 1938, and is addressed to Joseph Z. Dalinda, and the letter is signed by Mr. Carp, as president of the Carp Export & Import Corporation. From that letter I read as follows:

This will acknowledge receipt of your letter of May 26, 1938, on the subject of the mechanical fuse.

We have this day forwarded your letter to our principal in Moscow and immediately upon receipt of further word from them, we will communicate with you.

The witness has identified the letter as having been received by himself. Now, will you please identify Chase Mellen, Jr.?

Mr. DALINDA. Who?

Mr. MATTHEWS. Mr. Chase Mellen, Jr.

Mr. DALINDA. He is now employed by the city of New York. He was about a year ago with the Lehman Bank, in New York.

Mr. MATTHEWS. You once addressed a memorandum to Mr. Mellen, concerning matters which Mr. Carp was negotiating in this country.

Mr. DALINDA. I did once give him a memorandum.

Mr. MATTHEWS. I have here a memorandum to Mr. Chase Mellen, Jr., which came from your files, which reads, in part, as follows:

Mr. Sam Carp is a brother-in-law of Mr. Molotov, the Prime Minister of Russia, and due to this relation and personal friendship with Stalin, Mr. Carp was charged by the Soviet Government to place certain orders in the United States, primarily of a military nature.

You made that statement, did you not?

Mr. DALINDA. I presume, if you found that in my files, I did. I do not recall, but that is a correct statement.

Mr. MATTHEWS. Reading further—

I understand from Mr. Carp that the Soviet Government duly realizes that the Amtorg has made itself unpopular in its dealings in America, and in order to get prompt and efficient results, he was charged with the task as a party accustomed to take responsibilities. This was the moving factor in requesting Mr. Carp to attend to orders which are imperative to the Soviet Government and where prompt delivery is urgent.

Is that correct?

Mr. DALINDA. It was except that he was not accustomed to take responsibility.

Mr. MATTHEWS. But otherwise the statement is correct?

Mr. DALINDA. Yes, sir.

Mr. MATTHEWS. Reading again from the memorandum:

I found, however, that the big American companies are rather reluctant to proceed with such indefinite releases from the Government, as one hears it is practically impossible to say what could be construed as contradicting this particular law. On the face of it, there cannot be any objection on the part of the United States Government for a private American company to assist the Soviet Government in building up a navy, which could under no condition, by any stretch of imagination, ever be used against this country. I may also add that that is the impression I personally gathered from responsible sources. However, it is most essential to state here that definite approval from the corresponding governmental offices, namely the Navy and the State Department, for such orders, is confidently expected, as the result of the present endeavors.

That statement represented the situation, as you understood it?

Mr. DALINDA. Yes, sir.

Mr. DEMPSEY. It is the fact that shipbuilding companies in this country can build ships and that private naval architects will make plans for them, if the Navy Department of this Government sees no objection to it, and if the Navy Department sees no objection, the State Department gives a certificate and they can go ahead?

Mr. DALINDA. Yes, sir. It is just on condition that responsible shipbuilding companies will take such orders, and such orders were taken for South American countries.

Mr. MATTHEWS. Was it your purpose, in addressing this memorandum to Chase Mellen, Jr., to persuade him to use his influence on shipbuilding companies to accept orders which Carp offered?

Mr. DALINDA. Not quite so. The object of this letter, if I recall, was simply—I think it is correct—that he should speak to one of the firms.

Mr. MATTHEWS. Which firm?

Mr. DALINDA. The Newport News. They said they would not purchase.

Mr. MATTHEWS. And you wanted Mr. Mellen to use his good offices?

Mr. DALINDA. Yes, sir. Later—I think I mentioned yesterday the object of this letter.

Mr. MATTHEWS. I have here a letter dated October 11, 1937, addressed to you by Mr. Scott Ferris. In this letter, Mr. Ferris stated as follows:

I submit 11 months have passed with \$200,000,000 on deposit to pay for the necessities that Russia requires—with a company fully authorized to apply for, pay for, contract for, and export such supplies. I submit with shipbuilders and ways on every hand anxious for the business, that surely two great countries like the United States and Russia, at peace with each other—with harmonious relations existing between them—with each country anxious to do its full duty—this commercial undertaking deserves to be solved.

Do you have any knowledge of the fact that \$200,000,000 was on deposit for this purpose?

Mr. DALINDA. I mentioned before the committee that we were so told by Mr. Carp. You can readily understand that Mr. Ferris here thought from the State Department, or from officials, that Carp had at his disposal over \$200,000,000. for this purpose, in the United States.

Mr. MATTHEWS. Did you ever check the authenticity of that statement?

Mr. DALINDA. Yes, sir; I asked Carp's bank that the chairman mentioned. I did not have much success in finding out exactly how much money he had, but the bank's advice was that he kept a bank account in six figures.

Mr. MATTHEWS. Did Mr. Carp say that he was making the deposits, or that the money was at his disposal?

Mr. DALINDA. At this time. I do not remember what he said, but my impression was that the money was here—here in the United States, and the account could have been in New York.

Mr. MATTHEWS. It could have been in the Amtorg, or that the Amtorg was authorized to pay that money to Carp?

Mr. DALINDA. That is possible. Carp always said that he was the man who could dispose of it.

Mr. MATTHEWS. Do you know that he was receiving the bulk of those funds from the Amtorg? Did you know that?

Mr. DALINDA. No, sir; I did not know that. To the contrary, he always said that he was absolutely divorced from the Amtorg.

Mr. MATTHEWS. On the question of the contract between yourself, Mr. Ferris, and Mr. McGoodwin on the one hand and Mr. Carp on the other, I believe you said there was no contract.

Mr. DALINDA. I said a definite binding contract did not exist.

Mr. MATTHEWS. That is, not a written contract?

Mr. DALINDA. No, sir; and not an oral definite contract. I thought Mr. Carp was a man who could be trusted in the transaction of such a thing.

Mr. MATTHEWS. Nevertheless, you considered that a verbal contract did exist?

Mr. DALINDA. To such an extent as to lead to what was manifested yesterday, that Carp did not live up to it.

Mr. MATTHEWS. You considered that a verbal contract did exist, and at one time contemplated a suit on that contract?

Mr. DALINDA. I do not recollect. That is probably so. It is probable, but I do not personally recollect it.

Mr. MATTHEWS. I read that letter—

Mr. DALINDA. Let it be no, sir. I do not want to appear as wanting to be suing a Soviet agent.

The CHAIRMAN. You are afraid that it might hurt you. In other words, you are afraid that there might be some sort of reprisals on your relatives over there?

Mr. DALINDA. I do not put anything beyond them.

Mr. MATTHEWS. If that question is omitted from the correspondence, when it appears as a part of the matter, we will have very material aspects of this subject left out of the record.

The CHAIRMAN. I do not see, from what you said about Mr. Carp yesterday, that it could be any worse. I do not see how it could be worse. In view of the opinion expressed of him yesterday, I do not see that it would make any difference.

Mr. DALINDA. I do not think I said anything derogatory about Carp. I presented a sketch of him, and that was by accident or inference.

Mr. MATTHEWS. May I point out the fact that the Daily Worker has already printed the statement that the participants in this whole matter were Trotsky agents—Mr. Dalinda, Mr. Carp, Amtorg, Molotov, and everyone else connected with it, so that if Mr. Dalinda fears that damage of that sort will follow his testimony, the official organ of the Communist Party in the United States has already done that. I was going to read to you from a letter to Mr. Scott Ferris, dated February 24, 1939, in which you said, with reference to Mr. Carp:

He knew we performed all we contracted to do for him mainly through your vision, efforts, and connections.

That is the statement I wanted you to identify, as embodying your opinion that there was a contract binding upon Mr. Carp.

Mr. DALINDA. I have to reiterate as to the binding contract—yes, sir; there is.

Mr. MATTHEWS. You consider that there was a binding contract?

Mr. DALINDA. Yes, sir.

Mr. MATTHEWS. Did you prepare the credentials for Mr. McGoodwin yourself, to be used in his presentation of this matter of Mr. Carp to the Government departments in Washington? Did you prepare that for Carp's signature?

Mr. DALINDA. Mr. McGoodwin received that letter which you showed me a photostat copy of. You remember what I refer to?

Mr. MATTHEWS. Yes.

Mr. DALINDA. Mr. McGoodwin did not like that letter because he thought it in no way presented the position Mr. McGoodwin was to occupy, and put him in a position that he should not be in.

Mr. MATTHEWS. You mean to say Mr. McGoodwin did not use the credentials that were prepared for him?

Mr. DALINDA. No; and Wolf refused to give him the other one, and I think Mr. McGoodwin sent to me the first draft. Maybe I am not correct. I do not remember exactly. Probably you have that in my file.

Mr. MATTHEWS. There is such a draft in your file, but you say those credentials were not used.

Mr. DALINDA. No; because there is also a letter where they refused that, if I recall correctly.

Mr. MATTHEWS. In a letter dated March 22, 1938, addressed by you to Hon. Scott Ferris, you spoke of "those others" who so ably assisted in that work and you spoke of those persons as being entitled to receive honoraria from Mr. Carp. Will you identify fully the persons to whom this statement refers?

Mr. DALINDA. McGoodwin and myself, and also I had in view always the parties who helped me to get Carp.

Mr. MATTHEWS. Did you name all those parties yesterday?

Mr. DALINDA. Yes; I did.

Mr. MATTHEWS. The two gentlemen in New York?

Mr. DALINDA. I have had correspondence to that effect, that I asked specially for them.

Mr. MATTHEWS. Yesterday, Mr. Dalinda, you failed to remember a memorandum that had to do with the amount which Mr. Goodwin

was to receive from Mr. Carp for his services in Washington. I show you a carbon copy of the memorandum which you wrote apparently, which is addressed to yourself, and I take it intended to be signed by Mr. Carp. Is that the explanation of this document?

(Handing document to witness.)

Mr. DALINDA. It would look reasonable that that is so, but I think that was one of the drafts made to get him, because that figure was never mentioned, that is, the \$100,000 and the \$300,000 which presumably was expected, but it was never done.

Mr. DEMPSEY. Did you not definitely state yesterday that the agreement was you would get \$100,000?

Mr. DALINDA. Yes; but here it is stated as \$300,000.

Mr. MATTHEWS. This memorandum states that Mr. Dalinda is to receive \$100,000 on the same terms.

Mr. DALINDA. Oh, yes; but there was no arrangement of that exact nature.

Mr. MATTHEWS. But you did contemplate these figures?

Mr. DALINDA. It was the order of \$200,000,000, and we thought that was proper remuneration.

Mr. THOMAS. Is there a date on that memorandum?

Mr. MATTHEWS. No date.

Mr. DALINDA. I presume, if I remember it correctly, it was contemplated to address a request for such things and it was never done, because I found out that Carp was rather chary in parting with money.

Mr. MATTHEWS. You did expect to receive 50 percent of what Mr. McGoodwin received from Mr. Carp.

Mr. DALINDA. Yes; I did.

Mr. MATTHEWS. On the face of this memorandum you expected to receive \$250,000?

Mr. DALINDA. How much?

Mr. MATTHEWS. \$250,000; \$150,000 from McGoodwin for you, and an additional \$100,000, as set forth.

Mr. DALINDA. About the additional, that was to be divided with those gentlemen in New York.

Mr. MATTHEWS. You expected something over \$150,000 yourself for having introduced Mr. McGoodwin to Mr. Carp?

Mr. DALINDA. I expected as much as can be gotten from them?

The CHAIRMAN. The bank record shows there was \$328,000 in cash, and Mr. Carp testified to another \$100,000 that was not deposited in the bank, and that makes \$428,000 that went somewhere.

Go ahead.

Mr. MATTHEWS. Reverting, Mr. Dalinda, to the question of your expectation of receiving sums not forthcoming from Mr. Carp, I want to ask you if you did not contemplate suing Mr. Carp on the basis of the contract?

Mr. DALINDA. I did not. If there is mention of that in the letter, I did. It may be I would never go to court to sue a Soviet agent.

Mr. MATTHEWS. I want to read a letter from you yourself to Hon. Scott Ferris, under date of March 11, 1939, in which you say:

It is my intent then that Carp should be addressed in writing and if there is any delay in full settlement, we will hand it over to an attorney who would add some particulars at my disposal which would cause the payment to be executed at once without much ado or any talking.

Will you explain what those particulars were that you would expect to bring such prompt action?

Mr. DALINDA. I will tell you exactly. There could not be any such things at my disposal, but I wanted to make Mr. Ferris put more pressure on him. Mr. Ferris was reluctant in doing that, and that was exactly my situation.

Mr. MATTHEWS. You stated you were going to supply the particulars. You were not bringing pressure on Mr. Ferris.

Mr. DALINDA. The idea was that Mr. Ferris would talk after that to Carp more strenuously for the payment.

Mr. MATTHEWS. You just put that in your letter without having anything in mind?

Mr. DALINDA. Nothing definite in mind.

Mr. MATTHEWS. Was there anything indefinite in your mind?

Mr. DALINDA. No; nothing of such a nature.

Mr. MATTHEWS. In other words, that was bluff.

Mr. DALINDA. That was bluff.

Mr. THOMAS. Have you got an answer to that letter there?

Mr. MATTHEWS. No; if there is an answer to that letter, it does not take up that particular point.

Mr. DALINDA. I handed over the files to the gentleman who came from your committee immediately when he entered my office, so there was no occasion to take away any papers.

Mr. MATTHEWS. In another letter to Hon. Scott Ferris, dated December 14, 1938, you attached a postscript, which reads as follows:

I was just now shown a United Press wire from Los Angeles about the arrest of two Soviet spies. You cannot make a tiger change its spots—Bolsheviks will remain Bolsheviks. I am sending you the clipping in case your papers didn't carry it. I also heard not long ago that Carp was in California.

Did you mean that those two statements should stand in juxtaposition?

Mr. DALINDA. No; Carp is no spy.

Mr. MATTHEWS. Did you mean to convey the idea that there was a relationship between Mr. Carp's presence there and the arrest of two Soviet spies?

Mr. DALINDA. No; I did not.

Mr. MATTHEWS. That would be logical.

Mr. DALINDA. That might be so, but I am sure I did not want to convey that.

Mr. MATTHEWS. That was not one of the particular things you had in mind in collecting money from Mr. Carp?

Mr. DALINDA. No; certainly not. I am satisfied Carp is in no way a spy.

Mr. MATTHEWS. You did not make that plain to Mr. Ferris in your letter.

Mr. DALINDA. I see that was written hastily, and you know how one dictates.

Mr. STARNES. A Bolshevik is a Bolshevik, however. What about that statement?

Mr. MATTHEWS. Did you mean that to stand?

Mr. DALINDA. Certainly, that is self-evident.

Mr. MATTHEWS. Mr. Dalinda, were your interests in this matter of Mr. Carp's getting a battleship in the United States entirely financial?

Mr. DALINDA. You want me to say whether I had principles, a reason for it?

Mr. MATTHEWS. Yes.

Mr. DALINDA. I did think it was a good thing that Russia should have a navy in the Far East.

Mr. MATTHEWS. That was one of your motives, in addition to the financial motive?

Mr. DALINDA. That is not the moving motive. But I thought that was a good thing in the case of any misunderstanding that might happen between the United States and Japan, and I thought that would be a very valuable asset to have over there, and that was expressed by many other people.

Mr. MATTHEWS. Did you impress that point upon Mr. Carp, the fact that you had a political interest in addition to your financial interest?

Mr. DALINDA. I do not know; it is possible that during conversation such a thing was mentioned, because I used to see him very often, and it would be strange if I did not mention that. I think he mentioned such things, too. The committee probably knows now that I did not see Carp for a great deal of time. But after knowing him intimately for over a year, I find him always a straightforward American in the way that he did not want to change his residence and go to Russia. He preferred it here.

Mr. MATTHEWS. That is a sufficient answer, so far as that is concerned.

Let me read you excerpts from some of your letters to Mr. Carp on this question. Under date of November 8, 1937, you addressed a letter to the Carp Export & Import Corporation.

Mr. DALINDA. Yes.

Mr. MATTHEWS. In which you stated among other things:

It gives me great pleasure to demonstrate further my desire to serve the country of my birth.

Was that one of your motives in this undertaking?

Mr. DALINDA. When I wrote that letter, if I understand, if that is the letter I have in view, that letter was shown by Carp in Moscow at one time.

Mr. STARNES. Shown to whom in Moscow?

Mr. DALINDA. In Russia; Carp was going to Russia——

Mr. STARNES. Did he show it to Molotov?

Mr. DALINDA. Yes; he said he would show that to Molotov. I have been quite persona non grata for a number of years, and Carp promised and agreed that he will arrange to have come to the United States some of my relatives, and he thought that would facilitate him there, if he would do that, and that I would show that I did not feel unfriendly toward Soviet Russia and toward Stalin, because I had actually acted against Soviet Russia and Stalin. That was the idea.

Mr. MATTHEWS. Further along in the same letter you said that this——

has put me in a position where I had to make serious sacrifices and readjustments in order to enable me to serve Russia.

That means the same as you have just explained?

Mr. DALINDA. Yes; there was a great demand on my time. Carp would come in in the morning and stay at least an hour, and he would

come in before catching a train and stay several hours at a time, time and time again, and he would have certain figures with him. When I wrote that I no doubt had that in mind.

Mr. MATTHEWS. I will read from one of your memoranda, dated June 3, 1938, in which the following statement appears:

I am prepared to give data in connection with this question to the Soviet Government, without any consideration, as proof of my wish to be of service to the country of my birth.

Mr. DALINDA. Right you are; that is in connection with that invention.

Mr. MATTHEWS. Further on in the memorandum you say:

I am in a position at this time to propose all these inventions to the Soviet Government. I am glad to be able to do so for the patriotic reasons about which I talked to you on numerous occasions.

You mean patriotic reasons toward Soviet Russia?

Mr. DALINDA. Toward Russia. That is one of the things Carp demanded, or suggested, that we make a present of one of the inventions, and I think I am not asking consideration, but it was an exceptional thing.

Mr. MATTHEWS. Further in the same memorandum appears the following statement:

The advantages which they furnish to an armed force are of unique significance, and I am pleased indeed to be able to serve the country of my birth.

I do not quite understand, Mr. Dalinda, these numerous references to patriotism for the Soviet Union, or wishing to serve the country of your birth. You say you had been *persona non grata* in the Soviet Union, and you say, in fact, that you have been against the present Soviet regime. How do you reconcile that?

Mr. DALINDA. You heard my explanation, and I have nothing to add to that. At that time—or now everybody is against Soviet Russia because they acted as they did now. At that time Soviet Russia was expected to join France and England, and there was no reason why we should not do such a thing, that nobody could have an objection to it.

When I wrote that memorandum it was expected of me to do such a thing to prove my good will toward them, whether I am *persona non grata* or not. You subpoenaed from me a magazine which you have, and which contains my article, where I wrote and definitely spoke against them.

Mr. MATTHEWS. You mean to say your attitude has changed in recent weeks, since the conclusion of the nonaggression pact?

Mr. DALINDA. No; that article was written in 1933.

Mr. MATTHEWS. I am speaking relative to your statement that you had changed your attitude toward the Soviet Union.

Mr. DALINDA. No; I was in 1923 definitely against them and expressed it on numerous occasions.

Mr. MATTHEWS. You said everybody was for the Soviet Union, because it was expected that they would be on the side of England and France.

Mr. DALINDA. That was by way of explanation, that there was no harm in such a thing, and it could not be counted against anyone for wanting to help Russia.

Mr. MATTHEWS. You have a fair understanding of communism?

Mr. DALINDA. Yes; certainly.

Mr. MATTHEWS. Do you mean to say that the recently negotiated past between Hitler and Stalin was a surprise to you?

Mr. DALINDA. Very much so, and I am satisfied it was a surprise to many others.

Mr. MATTHEWS. You are satisfied, then, that you did not understand communism prior to a few weeks ago?

Mr. DALINDA. That has nothing to do with my understanding, because England and France getting together with Russia did not take place.

Mr. MATTHEWS. Do you not know that it has been a principle of communism from the days of Lenin, during the World War, and down to the present time, that the Soviet Union would make an alliance with anybody, regardless of principles, if such alliance would be to the advantage of the Soviet Union?

Mr. DALINDA. I think——

Mr. MATTHEWS. You know that is correct?

Mr. DALINDA. Yes.

Mr. MATTHEWS. Then you have no occasion for surprise.

Mr. DALINDA. But it was, nevertheless, more than a surprise, and when I see the town in which I was born invaded by the Soviet Army, it does not help.

Mr. MATTHEWS. In all these transactions in this country, it was your purpose to remain somewhat in the background?

Mr. DALINDA. I think so, probably.

Mr. MATTHEWS. That was the meaning of a paragraph in a letter which is addressed to Mr. Carp, dated September 8, 1937, in which you said:

As a matter of fact, except for those who are immediately associated with me, no one knows that I use my endeavors in connection with you, or even that I proposed to the Soviet Union some of the inventions controlled by my companies via your good self.

You meant by that to express your desire to remain entirely in the background? You did not want to be publicly identified with the transaction?

Mr. DALINDA. Yes.

Mr. MATTHEWS. You did not want anybody outside of your immediate associations to know that you had any connection with it?

Mr. DALINDA. Yes.

Mr. MATTHEWS. You mean you did not want——

Mr. DALINDA. I did not want any occasion to advertise.

Mr. MATTHEWS. Was it a matter of not being advertised, or did you want it not to be known?

Mr. DALINDA. I do not see how—if you will tell me what you have in mind——

Mr. MATTHEWS. Was there any special reason why you did not want to be known as having any connection with this matter?

Mr. DALINDA. I thought you referred to the inventions.

Mr. MATTHEWS. This refers to the battleship.

Mr. DALINDA. I do not know; I could not tell you what was the reason. Probably there was some reason why it was.

Mr. MATTHEWS. But there were matters which you did not want generally known that had to do with your part in connection with the whole business?

Mr. DALINDA. In connection with payment to me. The main consideration was entirely that of money.

Mr. MATTHEWS. As to some of your associates of a like mind who lined up with yourself on the subject of helping the Soviet Union—did Mr. Ferris have the same attitude you had, the attitude you expressed to Mr. Carp about the matter? Did Mr. Ferris want to help the Soviet Union?

Mr. DALINDA. Mr. Ferris, I think correctly expressed that position, about wanting to help the Soviet Union to get a big navy. He heard that from other officials who said so.

Mr. MATTHEWS. From officials, did you say?

Mr. DALINDA. From officials.

The CHAIRMAN. What officials?

Mr. DALINDA. Here in Washington; I would better say I think he spoke to some Congressmen, your colleagues, and some Senators, who thought that is a valuable thing.

Mr. MATTHEWS. I will read from a letter addressed to you by Mr. Scott Ferris on the letterhead of the Democratic National Committee, in which there is this statement:

I repeat, that this is only the viewpoint of a layman, but I know how hard this 9 months' delay is for Mr. Carp to bear and I know how detrimental it might be to his country's interest.

Mr. THOMAS. What is the date of that?

Mr. MATTHEWS. November 10, 1938.

Mr. THOMAS. Written by whom?

Mr. MATTHEWS. Written by Mr. Scott Ferris to Mr. Dalinda.

I take it Mr. Ferris forgot that Mr. Carp was an American citizen, in speaking of Mr. Carp's country suffering from this delay.

Mr. DALINDA. No; I think he did not forget that. I think he had——

Mr. MATTHEWS. I will read the statement again:

I know how detrimental it might be to his country's interest.

What is the country, Russia or the United States?

Mr. DALINDA. The country which he referred to at that time?

Mr. MATTHEWS. The Soviet Union?

Mr. DALINDA. Yes.

Mr. MATTHEWS. Were there other similar expressions from time to time from Mr. Ferris, that you recall?

Mr. DALINDA. I may.

Mr. MATTHEWS. That had to do with the matter of helping the Soviet Union build a big navy?

Mr. DALINDA. Yes.

Mr. MATTHEWS. I will read from one of Mr. Ferris' letters to you, under date of November 18, 1937.

Mr. DALINDA. Mr. Chairman, would it be in order to address you?

The CHAIRMAN. Yes.

Mr. DALINDA. I dare to suggest that Mr. Ferris would be better to answer those questions.

Mr. MATTHEWS. This letter was addressed to you.

Mr. DALINDA. By Mr. Ferris?

Mr. MATTHEWS. Yes.

Mr. DALINDA. He would be the logical one to reply to that, and I am sure he would welcome such an occasion.

Mr. THOMAS. What has the question to do with?

Mr. MATTHEWS. The question has to do with ascertaining if there was an understanding between Mr. Ferris and Mr. Dalinda as to their motive, other than financial, in engaging in these operations to secure a battleship.

Mr. THOMAS. If there was an understanding, there must be two parties; and you were one of the parties.

The CHAIRMAN. Go ahead.

Mr. MATTHEWS. I will read from this letter of November 18, 1937, as follows:

I do not know what the convening of Congress may do. I hope it has no bad effect in any way. I suppose, however, that there will be those who will begin to pass resolutions criticizing the State Department and possibly the Navy Department for selling arms or munitions to anybody. I hope, however, that this is not true and hope they can see the situation as I see it, that it will be of help to our country to in turn help Russia; for Russia is over there in a critical position, being bounded by Italy and Germany, and in close proximity to Japan.

Mr. DALINDA. That is correct; and I think that is logical on the part of Mr. Ferris.

Mr. MATTHEWS. You do not vouch for the geography, however; you do not mean to say that Russia is bounded by Italy?

Mr. DALINDA. No; but he meant that Italy is just an appendix to Germany. That is more of a literary expression than geography.

Mr. MATTHEWS. Continuing that statement, he says:

It would seem to me to be the part of good sense for our Government to be as helpful to Russia as they can, and I hope the great bulk of the Congressmen will take that view of it.

This was the understanding between yourself and Mr. Ferris?

Mr. DALINDA. I did not say so, but that is Mr. Ferris' idea. I will say that probably at that time the chances are I shared them then.

Mr. STARNES. You share those ideas?

Mr. DALINDA. Not now, but at that time.

Mr. STARNES. At the time this business was going on you did share that view?

Mr. DALINDA. That is the letter of 1937.

Mr. STARNES. At that time you did share in those views?

Mr. DALINDA. Right you are.

Mr. STARNES. At that time you did have other than a financial consideration motivating you in carrying on these affairs?

Mr. DALINDA. I would not say that is the motive, but to help Russia to have a navy. That was part of the operation.

Mr. STARNES. That was part of your consideration?

Mr. DALINDA. I would not call that consideration; that alone would not motivate Mr. Ferris.

Mr. STARNES. That alone would not have motivated you?

Mr. DALINDA. Certainly not.

Mr. STARNES. It was among the motivating circumstances.

Mr. DALINDA. I would exclude that as entirely——

Mr. DEMPSEY. Is it not true that at that time no one in America felt that Russia would get together with Germany or Japan?

Mr. DALINDA. That was a fact that year, and after that, up until about 3 months ago, nobody could see that Soviet Russia, in spite of what the learned counsel said, that that should be expected.

Mr. MATTHEWS. Since the witness has testified that nobody in America thought of that, I would like to know on what basis he said that.

Mr. DALINDA. I had no right to say nobody.

Mr. MATTHEWS. As a matter of fact, do you not know there have been numerous individuals who have for several years not only have expected it, but have written about it, as to what was going to happen?

Mr. DALINDA. I did not know that. I know about half a year ago one man expressed it definitely, and had reason to, because he had facts to that effect.

Mr. MATTHEWS. You do not know that the special committee for the investigation of un-American activities more than a year ago brought to light the fact, clearly, that the totalitarian philosophies of Stalin and Hitler are in all essential respects identical, and that an alliance between them would be quite a natural thing?

Mr. DALINDA. I regret to say that I did not know that this committee found that out a year ago.

Mr. MATTHEWS. I read from your letter to Mr. McGoodwin, dated November 19, 1937, in which you say:

My own personal thought is that the President and Secretary Hull will be entirely within their rights in standing very erect in helping Russia to secure the arms and munitions they desire. My own personal notion is, frail as it may be, that they can well afford to stand out and take an important part in seeing this is done. With Russia one of the greatest countries in the world, and surely one of the largest ones, and right over in the very crotch of our enemies, Italy, Japan, and Germany, surely we should do what we could—first, to maintain their friendship—second, to make them able to sustain themselves and ward off the blows of these three enemy nations.

That was your response to Mr. Ferris' view of the situation?

Mr. DALINDA. I subscribed to that.

Mr. MATTHEWS. And now you say you have changed that view?

Mr. DALINDA. Now—

Mr. MATTHEWS. You have changed that view about your estimate of who were enemies and who were friends.

Mr. DALINDA. Yes. I would not now want Russia to have a big navy in the Far East; is that the question?

Mr. MATTHEWS. Yes.

Mr. DALINDA. I would question the wisdom of that.

Mr. MATTHEWS. But you were proceeding on that basis in this transaction?

Mr. DALINDA. Right you are.

Mr. MATTHEWS. And you were accepting money which you knew came from the Soviet Union in order to conduct negotiations in this country for that purpose.

Mr. DALINDA. Right you are.

Mr. MATTHEWS. And you are aware of the fact that now the work which you did, insofar as it aided the Soviet Union is also placed at the disposal of Nazi Germany?

Mr. DALINDA. I am not aware of that.

Mr. VOORHIS. Would you say, Mr. Dalinda, from this experience, that it might be true that it is always a dangerous thing for one

nation to try to build up the military power of another, because you never can foresee what is likely to happen in the future?

Mr. DALINDA. I guess now that is the proper way to take that on a broad scale, but France helps England; Germany helps Italy; France helped Poland, and Poland went against France at one time.

Mr. MATTHEWS. Now, Mr. Dalinda, did you discover that the same opinion which you and Mr. Ferris had was shared in quarters where it was necessary to obtain permission for the construction of this battleship?

Mr. DALINDA. I would say it is a logical conclusion, because such a permit was eventually granted.

Mr. MATTHEWS. And was Mr. Ferris or yourself or Mr. McGoodwin ever assured that this desire to aid in the arming of Soviet Russia was held in these official circles?

Mr. DALINDA. I certainly have not been. I do not know about Mr. McGoodwin, but about Mr. Ferris, I do not know whether he was assured, but he was told that that was not the wrong idea.

Mr. MATTHEWS. I read you from a letter which Mr. Ferris addressed to Mr. McGoodwin, a copy of which was in your files, a letter dated February 4, 1938.

Mr. DALINDA. Why would you read that to me?

Mr. MATTHEWS. It was addressed to you.

Mr. DALINDA. You say it was addressed to Mr. McGoodwin.

Mr. MATTHEWS. I beg your pardon; it was sent to you; a copy was sent to you.

Mr. DALINDA. Yes.

Mr. MATTHEWS. Apparently for your attention, or to clarify your understanding, your mutual understanding on why you were working and what cooperation you were getting in various places. And I simply ask you if this represents the situation as you understood it, on the basis of this correspondence?

Mr. DALINDA. I will try to satisfy you on that if I can.

Mr. MATTHEWS (reading):

Of course, I recognize this suggestion is an argument that should not perhaps come from me because it is your matter, but I am writing this suggestion for what it may be worth. The whole difficulty throughout the long tedious months has been that the New York shipbuilders either do not want the business or were too timid to take the business or were offering one alibi and another to keep from taking the business. There never has been, within my knowledge, any holdback on the heads of the Government—never has been any holdback on the part of Mr. Hull, Mr. Green, or Admiral Leahy, but on the contrary always been willing to do not only their part but more than their part to help Mr. Carp get this equipment that he very much desires.

Now, I think that if you can do it, you should throw some light, on doing more than their part to help Mr. Carp.

Mr. DALINDA. If I can do what?

Mr. MATTHEWS. Can you throw some light—

Mr. DEMPSEY. Who wrote this letter?

Mr. MATTHEWS. This is a letter that Mr. Scott Ferris—

Mr. DALINDA. I understand Mr. Ferris has written that letter to Mr. McGoodwin, and a copy of it was sent to me. The question is whether I could place some light on Mr. Ferris' words. More than they can do—Counselor, I did not get that?

Mr. MATTHEWS. Doing more than their part to help Mr. Carp.

Mr. DALINDA. I think that is probably more a literary way of expressing it, because they were always courteous to him, receiving him; and when he heard there was not any objection to the plan, he had the cooperation of—

Mr. MATTHEWS. He was assured of wholehearted cooperation?

Mr. DALINDA. I would expect so.

Mr. MATTHEWS. In this matter.

Mr. DALINDA. As a matter of fact, it may be said here, I heard that from Mr. Ferris, that he heard from some Navy people that they think that would be a very good thing, that Soviet Russia should have a navy, but they did not think they should spend any time in helping it.

Mr. MATTHEWS. Who did not think?

Mr. DALINDA. The Navy people.

Mr. MATTHEWS. Did not think they should spend any time helping it?

Mr. DALINDA. They should not.

Mr. MATTHEWS. I have a letter addressed to you from Mr. Ferris under date of March 30, 1938, in which he said:

I repeat, when Secretary Hull said he would call a meeting and get us all together and help work the matter out and try to allay any discording notes and get the whole thing going and get the results we had hoped for, that seemed to me to be the proper course to carry out, but presumably, there are so many things I do not know—presumably so many things I do not understand, in my anxiety to help, I would be prone to do the wrong thing rather than the right thing, although unintentionally.

Mr. DALINDA. I know what Mr. Ferris had in mind when he wrote about that. Mr. Ferris, living in Oklahoma, could not understand why a big shipbuilding company would not want to make money, when they were not making money and losing money; and when the shipbuilding company would give the reply, they do not want it, or they have not got any permission, or without any explanation would refuse to accept the order, he went to the State Department and asked them to invite the representatives of the shipbuilding company. I think he referred especially to the Bethlehem Shipbuilding Co., because Carp was negotiating with them; and asked that the State Department tell them directly that there is no objection on the part of the State Department, that the shipbuilding company should take that order. That is what he says, when he writes that, because Mr. Hull could never understand, I understand from Mr. Ferris saying so, why the shipbuilding company cannot take the order. And up to now I am not quite sure that I understand why the shipbuilding company would not take it.

Mr. MATTHEWS. At least you had full cooperation in official Washington. Is that your understanding of the situation?

Mr. DALINDA. I had full cooperation in Washington?

Mr. MATTHEWS. Mr. Carp and your associates?

Mr. DALINDA. Yes; in that idea, that is full cooperation.

Mr. MATTHEWS. In Mr. Ferris' letter to you dated March 16, 1938, Mr. Ferris stated:

I repeat, I am so anxious to be helpful to you, Mr. Carp and Mr. Wolf, in every way I know. I am perfectly sure that, from the President down, they will all be glad to cooperate and help any way they can within the laws and rules and regulations. I have no way on earth of making these shipbuilders

bid—no way of making these architects prepare plans and submit them. I am perfectly sure our good Government headed by President Roosevelt—Secretary Hull—Admiral Leahy and the Board, have no way and do not have the right under the law to do more than give their approval and cooperation and their helping hand insofar as they can do it within the law.

That was your understanding?

Mr. DALINDA. Mr. Ferris was an old Congressman, and I do think he could say anything better than he said here now, and I think the papers will repeat that. That is the whole thing in a nutshell. It was within the law, within the rules and regulations, and he thought that should be done. I am sure you gentlemen fully approve of that, and that there cannot be any other feeling about that.

Mr. MATTHEWS. It was repeatedly stated in the correspondence that nothing would be done except within the law?

Mr. DALINDA. Yes.

Mr. MATTHEWS. So far as the United States Government was concerned and its officials?

Mr. STARNES. Who was suggesting that they do otherwise?

Mr. DALINDA. Who?

Mr. STARNES. Yes; who.

Mr. DALINDA. I did not get the question.

Mr. STARNES. Who was suggesting to Mr. Ferris and to the officials of this Government that they should do otherwise?

Mr. DALINDA. Certainly nobody ever suggested that.

Mr. STARNES. Why is it that they are constantly, or Mr. Ferris, is constantly reiterating in his letters that they will only do that, and that is all that can be expected?

Mr. DALINDA. May I ask that you ask that of Mr. Ferris, who was your colleague for 14 years, gentlemen?

Mr. STARNES. Evidently someone was suggesting to Mr. Ferris—someone was impatient at the delay. That is evident from this correspondence.

Mr. DALINDA. I do not draw that conclusion.

Mr. STARNES. That they were impatient at the delay. They were impatient because the private shipbuilding companies of this country were refusing, or failing to take any action on this matter. And it is also evident from this correspondence that someone was suggesting to Mr. Ferris that some sort of pressure ought to be brought on these companies to make them do this.

Mr. DALINDA. I do not draw that conclusion. The Government could not press any private company. But, as I mentioned before, what Mr. Ferris was trying to bring about was that the shipbuilding company come to the State Department and the high officials of the shipbuilding company should hear directly from the State Department officials that there was no objection to them taking the order, because all the shipbuilding companies were always saying, "No; we do not want it, we have not got the permit."

Mr. DEMPSEY. He was also showing that insofar as the Government was concerned, so long as the law was complied with they had no objection?

Mr. DALINDA. Right you are.

Mr. DEMPSEY. That is the way I interpret it.

Mr. STARNES. So do I, and I do not think the President or the Secretary of State would do anything else except under the law or the rules and regulations.

Mr. DALINDA. Certainly.

Mr. STARNES. But I do say that there is an implication to be made in this correspondence here that somebody was impatient at the delay and wanted something done about this matter.

Mr. DALINDA. There was impatience, but I do not think anybody would ever dare to say to Mr. Ferris, to suggest to him, that he should do something that was not absolutely in accordance with the highest of policies.

Mr. STARNES. Why should he keep on reiterating that?

Mr. DALINDA. I do not draw the same conclusion as you. I draw the conclusion that he cannot understand why the shipbuilding companies do not come in there and accept the order.

The CHAIRMAN. I think the correspondence will unfold. Continue with the correspondence.

Mr. MATTHEWS. Mr. Dalinda, under date of October 1, 1937, the Secretary of State sent a telegram to Scott Ferris which reads as follows:

Four applications for licenses have been granted and are being mailed to Carp today.

Will you please make it clear what those licenses were for?

Mr. DALINDA. I referred to them yesterday when I spoke. Carp got permission for parts of the naval vessel.

Mr. MATTHEWS. And these were four licenses for parts?

Mr. DALINDA. I could not say whether that referred exactly to this, but I would expect that, because, as far as I know, Carp never took them because that was only part of the vessel and he had to have permission for everything.

Mr. MATTHEWS. You do not know whether these licenses were ever acted upon by Mr. Carp?

Mr. DALINDA. I do not think he bought any part of that. But, for instance, here is a case of what Mr. McGoodwin did. McGoodwin prepared the licenses for Carp, because in the first instance they were sent to the State Department and they were made irregular, and it was prepared then in the proper way, and later allowed, as you see.

The CHAIRMAN. With reference to this matter of impatience, the truth is that the correspondence reflects that Carp and you and McGoodwin, all of you, were very impatient at the delays, were you not? You wrote many letters indicating that you wanted this thing gotten over with quickly, is not that true?

Mr. DALINDA. Normally, we expect it.

The CHAIRMAN. At the same time you and Mr. Ferris and others were very impatient about the payment of more funds.

Mr. DALINDA. Right you are.

The CHAIRMAN. So there were two kinds of impatience there.

Mr. DALINDA. No.

The CHAIRMAN. The correspondence will show it. Go ahead.

Mr. MATTHEWS. Mr. Dalinda, did Mr. Ferris see the President on this matter?

Mr. DALINDA. Not to my knowledge. And I do not think he did see the President.

Mr. MATTHEWS. You wrote a letter to Mr. Ferris under date of July 7, 1938, in which you stated:

I am in the office now for an hour and hurriedly dictating a few lines to reach you on the 9th when you will have the honor and pleasure of seeing the President.

Mr. DALINDA. Yes

Mr. MATTHEWS. Do you recall that statement?

Mr. DALINDA. No, I do not—but what else did I say there?

Mr. MATTHEWS. That is the entire paragraph.

Mr. THOMAS. To whom was that letter written?

Mr. MATTHEWS. To Mr. Ferris from Mr. Dalinda. Do you recall whether or not that visit to the White House—

Mr. DALINDA. Took place?

Mr. MATTHEWS. Took place.

Mr. DALINDA. You want to know whether I recall that? I do not recall. I think he saw only the Secretary to the President.

Mr. MATTHEWS. With reference to this battleship matter?

Mr. DALINDA. No. Mr. Ferris definitely did not want to talk in any way, if he had occasion to talk to the President, and mention that.

Mr. MATTHEWS. Was the President apprised of this proposal to build a battleship?

Mr. DALINDA. What is that?

Mr. MATTHEWS. Was the President apprised of the proposal to build a battleship for Russia in the United States?

Mr. DALINDA. Whether Mr. President knew about such a fact, I do not know, I could not tell you. I would expect he should.

Mr. MATTHEWS. There was a reference in a letter written by Mr. Scott Ferris to Mr. Preston McGoodwin under date of February 18, 1939, which contains a matter which you may be able to clear up. Reading from the letter:

These papers down here make it appear that a regular civil war is on between Roosevelt and Congress regarding the sale of airplanes and war materials to foreign countries. Of course, I am sure as you say, it is politics. Of course, I am sure the President's good judgment should prevail and doubtless will prevail. Of course, I recognize that it is smart for us to sell material to our friends and withhold from our enemies, for in the last analysis, I feel perfectly sure that to pursue this course is to let other people do the fighting that our own boys would have to do.

Does that refer to this effort on the part of you and others to arm or help arm the Soviet Union?

Mr. DALINDA. That refers to his general ideas and I think they will thresh that out tomorrow in Congress.

Mr. MATTHEWS. Never mind about that.

Mr. DEMPSEY. He is answering your question.

Mr. MATTHEWS. He is talking about what Congress is going to do tomorrow.

Mr. DEMPSEY. You are talking about what they did about this proposed sale of airplanes. We all know about that.

Mr. DALINDA. There is a division in the United States; some people think it is a wise thing to do and others think not. If you ask me my opinion, which is not of value, I will give it. But I do not think it is of value or interest to the committee.

Mr. MATTHEWS. But I am asking you with reference to this statement particularly.

Mr. DALINDA. Mr. Ferris, as I understand that, does not speak here of Russia. He speaks of selling generally, and he speaks of American boys and wanting them to stay home. And that is a fine idea.

Mr. MATTHEWS. This letter has to do with the question of getting this permit.

Mr. DALINDA. I do not think so. He gives his views and his opinions. I think it is just a general letter to a friend.

Mr. MATTHEWS. It discusses the sale of arms generally throughout the world, but particularly it refers to Mr. Carp's proposition.

Mr. DALINDA. Not in the part which you read.

Mr. MATTHEWS. No; not in that part. But the letter is on that subject.

Mr. DALINDA. I do not know that.

Mr. MATTHEWS. The letter says—

Mr. DALINDA. I do not want to delay, Mr. Congressman; to the contrary.

Mr. MATTHEWS. The letter says:

MY DEAR MAC: I again say, please you and Mr. Dalinda be the judges, and please let me follow your lead. Please let me do the things that, in your judgment, seem best to do. In the meantime, let me work away at my own affairs until you think something tangible can be done. I repeat, it would be delightful if it should dawn on Mr. Carp that he really needs some help and call us back in the service and let us help accomplish the things that should be done. It is tremendously discouraging to me to have to prime the pump and get him to realize that he needs us. Then, again, we, of course, always want to make perfectly sure that we do not rock the boat or do anything to spill the beans—in the event a shower bath of trouble should plunge down upon the head of Mr. Carp, I am fearful that he might not be the right sort that would keep our fat out of the fire. Perhaps I am all wrong about this—perhaps Mr. Carp, about the Gibbs delay and other Government intricacies, has made us feel that way, but you know, confidentially, and way down under the ground, we have had some unpleasant experiences trying to consummate some business with Mr. Carp. I know you and Mr. Dalinda will both agree on this.

The letter generally is on the subject of your battleship permit.

Mr. DALINDA. Yes; it is; but the balance of it is his opinions and views.

Mr. MATTHEWS. All right. I just asked you if you included the Russian deal, or intended an observation that it would be a good thing to arm Russia so that Russia could do the fighting for the United States, and we would not have to send American soldiers abroad.

Mr. DALINDA. I subscribe to that.

Mr. MATTHEWS. As a matter of fact, you entertained considerable anxiety over the attitude of Congress on this question of building the battleship, did you not?

Mr. DALINDA. I do not remember.

Mr. MATTHEWS. Was not that frequently a matter of correspondence between you and Mr. Ferris?

Mr. DALINDA. You see, you are in a better position to judge at this time. You have my correspondence.

Mr. MATTHEWS. Do you recall that steps were taken to prevent the submission of the application for Mr. Carp's battleship to the State Department, prior to the action of Congress on the billion-dollar naval expansion bill?

Mr. DALINDA. I do not recall, but if that is mentioned in there, then that is correct.

Mr. MATTHEWS. I will read you from your letter to Mr. Scott Ferris dated April 1, 1938, which was the period during which that legislation was pending in Congress, I believe.

I had a conference yesterday with Mr. Carp and from his statement and inferences I would say he is now pleased with the situation. Mr. Gibbs so much as

said to him that he submitted the plans at the Navy, but it was thought advisable to withdraw the plans and Mr. Gibbs now keeps them in a safe in Washington. The idea is not to have anything on record with the Navy or the State Department in an official way before the Navy appropriation is through, lest something will come out in the papers and one of the Senators will begin to squawk. All of which will be, if not detrimental, unpleasant all around.

Do you recall that now?

Mr. DALINDA. Yes; I recall it.

Mr. MATTHEWS. In the same letter which you wrote to Mr. Ferris under date of April 1, 1938, you speak of the part which Ambassador Troyanovsky played in these negotiations. Can you state very briefly for the record what that was?

Mr. DALINDA. That is in addition to what I stated yesterday to your colleague there. I said I did not know whether Mr. Troyanovsky took any steps officially, but I recall now it was in the papers, he went to see Mr. President just before the President was leaving for the South after some illness.

Mr. MATTHEWS. He went to see the President?

Mr. DALINDA. Yes.

Mr. MATTHEWS. With reference to this matter of the battleship?

Mr. DALINDA. That I could not tell you because I was not present. But I know he went because it was in the papers.

Mr. MATTHEWS. Do you know whether Ambassador Troyanovsky went to the State Department with reference to the battleship?

Mr. DALINDA. I know that because Carp told me so.

Mr. MATTHEWS. And that is what you refer to when you say Ambassador Troyanovsky left for Florida?

Mr. DALINDA. Yes; he left for Florida.

Mr. MATTHEWS (reading):

Ambassador Troyanovsky left for Florida and when last at the State Department seeing Secretary Hull, he also saw Mr. Green and has agreed with the latter that Mr. Rosoff (the president of Amtorg) will go to see Mr. Green's second man, Mr. Yost, because Mr. Green was also leaving town and found out whether Mr. Gibbs submitted the plans.

Mr. DALINDA. All correct.

Mr. MATTHEWS. So Ambassador Troyanovsky did go to the State Department?

Mr. DALINDA. Yes.

Mr. MATTHEWS. With reference to Mr. Carp's battleship?

Mr. DALINDA. As far as I know; as I was told; yes.

Mr. MATTHEWS. Mr. Carp stated on the stand that this was entirely a proposition of his own, that he was not an agent for the Soviet Government in this matter.

Mr. DALINDA. I am not responsible for Mr. Carp's statements.

Mr. MATTHEWS. That he was acting as an American corporation in the construction of this battleship. That obviously would not fit in with the Russian Ambassador's going to see the Secretary of State about the matter.

Mr. DALINDA. Certainly. Probably it is a matter of record with the State Department, whether he has been there or not.

Mr. MATTHEWS. Do you happen to know anything about the receptions which were accorded to Amtorg or Amtorg representatives on these matters in Washington?

Mr. DALINDA. I think I recall that Rosoff was given or invited to some dinner.

MR. MATTHEWS. I will refresh your recollection. In this letter of yours under date of April 23, 1938, addressed to Hon. Scott Ferris, you say:

Mr. Rosoff—

that is the president of Amtorg—

always enjoys more than official courtesy on the part of the State Department.

What did you mean by that?

MR. DALINDA. I would not know now. It is a matter of expression. He was very courteously received. And that was the statement which I was given by Carp, probably, because he was the man who was spending millions of dollars here, and he was a decent type of chap.

MR. MATTHEWS. You think it was the money that Amtorg had to spend here that accounted for it?

MR. DALINDA. That is usual; after all, foreign offices are for that purpose.

MR. VOORHIS. May I interrupt? In other words, the story about this reception was a story that Mr. Carp told to you; is that right?

MR. DALINDA. I mentioned Carp. I do not recall exactly, this or the other. But if I say something about Rosoff it would be concluded that I saw in the papers or heard from Mr. Carp, because personally I never met Rosoff.

MR. THOMAS. You did not read that in the newspapers?

MR. DALINDA. I would not tell, exactly; maybe. But I would expect that Carp told me.

MR. THOMAS. He was the representative of the Amtorg Corporation?

MR. DALINDA. Rosoff; yes. He was the president of the company.

MR. THOMAS. And he had been received more cordially than ordinary; you did not see that in the newspapers.

MR. DALINDA. Presumably, I did not. It would be a logical conclusion that Carp said it.

MR. THOMAS. You think Carp said that to you, and that is why you wrote that?

MR. DALINDA. Yes.

MR. MATTHEWS. Mr. Dalinda, I have here a memorandum dated March 20, 1939, which you enclosed in a letter to Mr. Ferris of even date. I will read you a few excerpts from this memorandum and ask for your comment.

He told a few men in New York—

and he refers to Mr. Carp, obviously—

He told a few men in New York that the Minister will never be invited more to the Russian Embassy.

And again:

It was on that occasion that he met the Minister, last November 8—at the Embassy.

What was the situation with respect to Mr. McGoodwin's—known in this correspondence as the Minister—going to the Soviet Embassy in Washington?

MR. DALINDA. McGoodwin was invited to the Embassy before he ever met Carp. As a former diplomat, I understand that is a courtesy at least that is extended. It was not the only embassy where

he would visit. But Carp did say when he got angry with McGoodwin, that he would arrange that that should be stopped.

Mr. MATTHEWS. I think you stated yesterday that this matter of Carp's battleship had not, so far as you knew, been discussed at a Cabinet meeting.

Mr. DALINDA. To my knowledge? I think yes. I think I was told about that, that it was discussed at a Cabinet meeting. I think Ferris told me about that—yes, I think he told me.

Mr. MATTHEWS. Ferris told you it had been discussed at a Cabinet meeting?

Mr. DALINDA. Yes; I think so.

Mr. MATTHEWS. You have a memorandum dated March 21, 1939, which reads in part as follows:

However, all that has nothing to do with the business itself, and here is only one thing to be stated—all that was contracted to be performed, was actually performed when his matter was discussed at a few Cabinet meetings, and decision taken to accommodate the Russians.

Do you mean that there was more than one Cabinet meeting?

Mr. DALINDA. Presumably.

Mr. MATTHEWS. Mr. Ferris told you there was more than one Cabinet meeting?

Mr. DALINDA. Yes; I would expect so, if I say so.

Mr. MATTHEWS. And he told you decision was taken at these Cabinet meetings to accommodate the Russians?

Mr. DALINDA. That is a poor expression, "accommodate." But agree to grant them a permit.

Mr. MATTHEWS. Continuing the memorandum:

At this very moment, all that was humanly possible to do in this connection under a democratic form of government, was done, as Secretary Hull told you. When the President saw Gibbs with the plans and sent word "down the line"—as Wolf claimed it was necessary, that was, as a matter of fact, unnecessary, because a decision at the Cabinet meeting, was after all, all that is required.

That was written by you?

Mr. DALINDA (examining document). Yes.

Mr. MATTHEWS. You mean that the President looked over the plans?

Mr. DALINDA. I do not know whether he looked over the plans. I do not know whether he saw the plans.

Mr. MATTHEWS. You stated here that he had seen the plans.

Mr. DALINDA. All right, if I say so.

Mr. VOORHIS. What would be the main reason for his seeing the plans?

Mr. DALINDA. I am sorry; I would not be able to say.

Mr. VOORHIS. Would it not be in order to be sure that those plans contained no American confidential military matters?

Mr. DEMPSEY. What would be the main reason for his seeing the plans?

Mr. DALINDA. I am sorry; I would not be able to say.

Mr. DEMPSEY. You would not be able to say what the reason was.

Mr. DALINDA. I would presume the President would depend upon Green's opinion.

Mr. DEMPSEY. In the Navy Department?

Mr. DALINDA. Yes; I may be—the answer to that may be Gibbs tried to see the President, but that is just a speculation on my part.

Mr. DEMPSEY. That is right. There are many things here that are speculations.

Mr. DALINDA. Yes.

Mr. MATTHEWS. I am just asking him to explain how he got the information included in this memorandum.

And, Mr. Ferris told you, did he, that word had been sent down the line to go through with Carp's battleship. Now what is meant that word had been sent down the line?

Mr. DALINDA. I would expect that the Navy Department was told.

Mr. MATTHEWS. The Navy Department was told?

Mr. DALINDA. I would expect so.

Mr. MATTHEWS. That was the understanding between you and your associates?

Mr. DALINDA. No; it wasn't the understanding.

Mr. MASON. Will you bring out how he knows that that happened?

Mr. DALINDA. I know that from Mr. Ferris.

Mr. MASON. Mr. Ferris had told you?

Mr. MATTHEWS. Mr. Ferris was in charge of the matter here in Washington.

Mr. MASON. That is all.

Mr. MATTHEWS. Now referring to the matter in the memorandum of March 20, 1939. You anticipated, did you not, that Carp's battleship might involve the Premier of the Soviet Union in some trouble?

Mr. DALINDA. Without in any way wishing to avoid the question, Is that relevant to this, Mr. Chairman?

Mr. MATTHEWS. The relevancy, as I see it, Mr. Chairman——

Mr. DALINDA (interposing). But if you want an opinion about that as my answer, it is not important at all; if you want to ask my opinion, Mr. Chairman——

The CHAIRMAN. No; we do not want opinions.

Mr. DALINDA. I haven't any evidence.

The CHAIRMAN. We want evidence.

Mr. DALINDA. But I haven't any evidence.

The CHAIRMAN. What is the relevancy of it?

Mr. MATTHEWS. The relevancy, Mr. Chairman——

Mr. DALINDA (interposing). If I may interrupt: Do you have such a thing as a closed session? I would be perfectly willing——

Mr. THOMAS. What is the relevancy of it?

The CHAIRMAN. Suppose we pass it for the moment.

Mr. THOMAS. What is the relevancy of this?

Mr. MATTHEWS. I am not going to state what you have said in this memorandum.

Mr. DALINDA. I know what I said.

Mr. MATTHEWS. I am not going to state that.

Mr. THOMAS. What is the relevancy of it?

Mr. MATTHEWS. The relevancy, as I understand the matter, is this: It has been shown here by documents that the Carp agency in the United States depended exclusively, almost exclusively, if not exclusively, on Carp's relation to the Prime Minister of the Soviet Union. Carp was their "expert," the "expert" dealing for the Soviet Government, allegedly for Stalin himself, because of his personal relationship with the Prime Minister.

The Prime Minister of Russia authorized this man to expend upward of \$200,000,000 for the Soviet Union—I mean, in the United States, for the purposes which we are discussing here.

That brings the Prime Minister of the Soviet Union into the picture. He brought himself into it, and I was asking if Mr. Dalinda had any knowledge, or on what basis he was speaking, when he wrote this memorandum in which he anticipated that certain things might happen to the Prime Minister.

Mr. THOMAS. I think it is very relevant.

The CHAIRMAN. Well, let us pass over it for the moment. This man, as I understand, has said he has relatives in Russia now, do you not?

Mr. DALINDA. Certainly; that is why I ask the chairman if you had closed sessions.

The CHAIRMAN. And you do not want to be on record, have any record; is that it?

Mr. DALINDA. I am sorry, Mr. Chairman.

The CHAIRMAN. I do not know why the matter cannot be passed for the moment.

Mr. STARNES. We would like to hear some explanation, of course, and you think you can do that if we have an executive session?

Mr. DALINDA. I would be glad to give you this additional information and anything else that interests you.

The CHAIRMAN. Let us pass that.

Mr. MATTHEWS. The object of you and your associates in carrying on this work, as stated earlier, was to aid in the arming of the Soviet Union?

Mr. DALINDA. You have got me on the spot and you know that, and I know that, but that would not help.

Mr. MATTHEWS. But you did not believe that anything might happen to Latvia and Estonia?

Mr. STARNES. You knew the Soviet Government was establishing a blockade of Estonia?

Mr. DALINDA. That is something I expected the moment I saw Germany and Russia going together.

The CHAIRMAN. All right; let us proceed.

Mr. MATTHEWS. From a letter addressed to you by Scott Ferris, dated February 18, 1939, Mr. Ferris mentioned to you the subject of a congressional investigation. Did you anticipate that this whole matter might eventually be the subject of an inquiry on the part of a congressional committee? You can answer my question and then I will show you the letter.

Mr. DALINDA. No.

Mr. MATTHEWS. Did you ever discuss that with him?

Mr. DALINDA. No.

Mr. MATTHEWS. That is, that the matter of the Carp battleship might be the subject of an investigation?

Mr. DALINDA. The answer is "No," but I supposed there would be. You do not have that in any correspondence here?

Mr. MATTHEWS. You received this letter, did you, from Mr. Ferris [indicating letter].

Mr. DALINDA. Yes; that is Mr. Ferris addressing the letter to me.

Mr. MATTHEWS. Reading from this letter:

Our Oklahoma papers portray the situation in Washington as almost a civil war between the President and Congress over the sale of anything to any foreign country. Of course, I recognize the President is doing right in selling to friendly countries such ammunitions as they may need. I recognize we are only

helping ourselves in lending no fuel to the fire of the enemy, for surely as we furnish ammunition and money and aid to our friends, it just relieves our own boys of doing that much fighting. Perhaps this is a selfish view. I feel sure the President will win out in this as I hope he will win out in Mr. Carp's matter. Of course, whether it is opportune now to plunge into this Russian question and how far Mr. Carp and his associates would stand up under the fire and investigation of Congress I do not know.

Now does not that letter indicate that there was some anxiety in your mind——

Mr. DALINDA (interposing). In Mr. Ferris' mind.

Mr. MATTHEWS. Yes.

Mr. DALINDA. And it is evident that there is no anxiety in my mind to that.

Mr. MATTHEWS. What did he mean by "stand up under fire"?

Mr. DALINDA. Whether he would?

Mr. MATTHEWS. But if there were some anxiety on the subject——

The CHAIRMAN (interposing). Whether Carp would stand up under fire?

Mr. MATTHEWS. Yes.

The CHAIRMAN. What does that mean to you, about Carp standing up under fire?

Mr. MATTHEWS. Yes; I read a letter from Mr. Dalinda to Mr. Ferris a moment ago in which you mentioned keeping your fat out of the fire in the event of a Congressional investigation.

Mr. DALINDA. In my letter?

Mr. MATTHEWS. Yes.

Mr. DALINDA. You are much mistaken, I am sorry to say.

Mr. MATTHEWS. I beg your pardon if I am in error.

Mr. DALINDA. Mr. Chairman, I think that is a matter for——

Mr. MATTHEWS (interposing). I will read this to you.

Mr. DALINDA (continuing). If you will allow me the privilege of saying so, for Mr. Ferris; Mr. Ferris can give you a better answer to that question; he will be in much better position and is more capable of answering the question than I am, and I am sure I do not need to hold a brief for Mr. Ferris; I am sure he doesn't need it.

Mr. MASON. We would be interested in Mr. Dalinda's answer and explanation to these questions and possibly have that followed by an explanation from the other side and in seeing how the two explanations coincide. I think that is the business of this committee.

Mr. DEMPSEY. But it is also the business of the committee not to permit a witness to put a construction on a letter written by somebody else.

Mr. DALINDA. That same explanation I am afraid——

Mr. DEMPSEY (continuing). Or to interpret Mr. Ferris' statement.

Mr. DALINDA. I am afraid that is what it would be. That is what I expected to ask the chairman.

The CHAIRMAN. You can certainly tell us what you understand.

Mr. DALINDA. Certainly, Mr. Chairman.

Mr. STARNES. What he told you.

The CHAIRMAN. Not something Ferris said, unless Mr. Ferris told you.

Mr. DEMPSEY. We can ask Mr. Ferris.

Mr. DALINDA. Certainly. As a matter of fact, I understand he is anxious to appear.

Mr. DEMPSEY. I know that.

Mr. MATTHEWS. Mr. Dalinda, you had some anxiety over what Congress might do?

Mr. DALINDA. What is that?

Mr. MATTHEWS. In addition, you had some anxiety—you also entertained some anxiety?

Mr. DALINDA. No; don't say I had, because I had no anxiety about it. You didn't say it correctly; I personally never foresaw such a thing.

Mr. MATTHEWS. Well, in your letter you said that if the application were of record, in connection with the billion-dollar naval-expansion bill, there would be some squawking from the Members of Congress.

Mr. DALINDA. They might speak about it; but I don't see——

Mr. MATTHEWS. That is, some anxiety of yours with regard to the fact that Congress would have the matter under investigation, is it not?

Mr. DALINDA. That is an opinion about the squawking of some Senator.

Mr. MATTHEWS. Yes.

Mr. MASON. Mr. Dalinda, you thought the matter ought to receive as little publicity as possible.

Mr. MATTHEWS. Mr. Dalinda, Mr. Ferris sent you a telegram dated October 6, 1937, which reads as follows:

Is it necessary I start back tonight? Will war speech help us or hurt us?

Can you identify that?

Mr. DALINDA. I do not remember what that speech was. When was that?

Mr. MATTHEWS. 1937.

Mr. DALINDA. 1937?

Mr. MATTHEWS. Yes.

Mr. DALINDA. I don't remember that. Do you remember what happened on January 2, 1938?

Mr. MATTHEWS. But I remember October 6, 1937.

Mr. DALINDA. All right; I wish you would refresh my recollection.

Mr. MATTHEWS. There was a speech delivered by the President in Chicago in which the phrase "quarantine the aggressors" was used and became quite generally known.

Mr. DALINDA. I don't remember, but my opinion was that such a speech should help.

Mr. MATTHEWS. The speech would help?

Mr. DALINDA. Should help.

Mr. MATTHEWS. That such a speech should help?

Mr. DALINDA. That was my opinion; I do not know whether the committee would be interested in it, which I expressed to Mr. Ferris.

Mr. MATTHEWS. Mr. Ferris wanted to know if the "war speech" would help.

Mr. DALINDA. Yes.

Mr. MATTHEWS. "Or hurt us."

Mr. DALINDA. Yes. Did I make any reply?

Mr. MATTHEWS. Yes; you replied to that letter of Mr. Ferris, the letter being dated October 6, 1937, that on "the face of it it seemed the President's speech should be helpful."

Mr. DALINDA. That is what I understood.

Mr. MATTHEWS. And you stated further:

But I presume it was, just as they say on the stock exchange, already discounted by those entrusted with decisions on the subject matter. Personally, I am more inclined to think that there is not going to be a war and I am almost sure that Japan will not make the mistake of the Italians and face the animosity of the whole world, and that they will find a gracious way to "save face," and stop invasion of China. If I am wrong in this, we shall no doubt see Russia step in, which she will do after securing due "consideration" from England and the United States. The Soviet Ambassador Troyanovsky is hurrying back to the United States and that also has some bearing on the subject.

Do you know what bearing the Soviet Ambassador had?

Mr. DALINDA. As far as this memorandum is concerned—I can draw a conclusion, if you want my opinion.

Mr. MATTHEWS. You mean Carp was representing the Soviet Union—

Mr. DALINDA (interposing). I might pass the opinion that the Carp Corporation would have more dollars.

Mr. MATTHEWS. In this letter you did not anticipate there was going to be a war?

Mr. DALINDA. My faulty vision of the plan is admitted. But I am in good company; you will admit that.

Mr. MATTHEWS. I have here another telegram from Mr. Preston McGoodwin to Scott Ferris also on the subject of the events in the Far East.

Mr. DALINDA. What is that doing in my files?

Mr. MATTHEWS. Well, I presume it was turned over to you. I do not know. You would have to answer to that, I presume.

Mr. DALINDA. Does it say why it was, or say anything about that?

Mr. MATTHEWS. I will read the telegram and ask you if it was an element in the transaction.

Have just arranged permission of admirals for eminent marine architect to submit plans and specifications. This is definite but if any hitch will advise. Regret I erroneously magnified obstacles in letter 4th instant because of my zeal to employ informal relations between the two secretaries through your efforts instead of having to ask admirals. In this I was, of course, thinking in terms of future business from same client. As to war clouds. All contingencies covered in my contract which I wrote. My self regards.

By the same client, he meant the Soviet Government?

Mr. DALINDA. I presume so.

Mr. MATTHEWS. Yes.

Mr. DALINDA. But I have no recollection of that.

Mr. MATTHEWS. You do not?

Mr. DALINDA. I do not know that wire at all.

Mr. MATTHEWS. Now returning to the memorandum from which we read a moment ago.

Mr. MASON (interposing). May I ask right there if it was the custom of Mr. Ferris in sending a telegram or a letter to the other, Mr. McGoodwin, or of McGoodwin sending a letter or telegram to Ferris to also—

Mr. DALINDA (interposing). Send a copy to me?

Mr. MASON. Send a copy to you.

Mr. DALINDA. It is not customary but that may account for it at the time.

Mr. MASON. That probably accounts for it.

Mr. DALINDA. But I do not recall that one.

Mr. MATTHEWS. You would receive a copy of the original.

Mr. DALINDA. But I do not recall that at all.

Mr. MATTHEWS. Do you recall, Mr. Dalinda, the suggestion that when you wrote important letters to each other that the recipient should return the original to the sender in order that there be no record?

Mr. DALINDA. I do not recall, but it is possible; I do not recall that; but such is not the case here because the originals are here.

Mr. MATTHEWS. You were also bothered considerably amongst yourselves about the Soviet executions, were you not?

Mr. DALINDA. May I say, Mr. Chairman, if you will——

Mr. MATTHEWS (continuing). And in the United States at that time——

Mr. DALINDA (continuing). Mr. Chairman, I want permission to make this suggestion. I know what learned counsel's suggestion has reference to. If you want me to I pray you to make this a private session, if that is the correct term; I do not know how you term it, and I will give the explanation.

Mr. MASON. Can we not pass that temporarily?

Mr. DALINDA. I would like to have you appreciate, and I assure you I want to cooperate as much as I can.

Mr. WHITLEY. Mr. Dalinda, do you know whether the Soviet Military and Naval Intelligence had encountered considerable difficulty in the past years in securing American naval secrets?

Mr. DALINDA. I would expect that they have.

Mr. WHITLEY. Did you ever discuss that matter with Carp or did he ever make any reference to that to you?

Mr. DALINDA. No; I do not think he ever did; I am sure he did not.

Mr. WHITLEY. Did Mr. Carp ever tell you that the Soviet Union Intelligence had not been able to secure the American naval secrets that it would like to have; did he ever make any suggestion?

Mr. DALINDA. I think he mentioned that they had less than they expected, but that it was something they would be careful about.

Mr. WHITLEY. They would be cautious about such a thing?

Mr. DALINDA. Yes.

Mr. WHITLEY. But he did at least indicate to you that the Soviet Government had not been able to secure certain naval secrets that they might like to have had for their own use?

Mr. DALINDA. Mr. Counselor, I do not think he ever suggested that to me or to any of my friends.

Mr. WHITLEY. Did he ever suggest to you that one of the principal reasons behind this venture, this proposition whereby he was to have all this money to purchase battleships in the United States, was to make contacts with the Navy, that it might make it possible for the Soviet Military and Naval Intelligence agents to get information they wanted?

Mr. DALINDA. No; he never suggested that, and to the contrary he always emphasized that he acted for the American group, and I am satisfied that he was.

Mr. WHITLEY. He did not suggest or hint that it might be one of the purposes, that this project might be one to make contacts, or the purpose was to make contacts for use in the future by the Soviet in securing naval secrets?

Mr. DALINDA. You repeat the question and my answer would be the same that he would never do that to me.

Mr. WHITLEY. Did you ever have any reason to think that might be the purpose behind the project, or one of the purposes of the project? Did you ever have any reason through your associations and conversations with Mr. Carp to believe that might be one of the purposes?

Mr. DALINDA. One of Mr. Carp's purposes?

Mr. WHITLEY. Of the Soviet Government.

Mr. DALINDA. I would not know about the Soviet Government.

Mr. WHITLEY. You have never had any reason to suspect that?

Mr. DALINDA. Of Carp?

Mr. WHITLEY. That you suspected that through Carp the Soviet Government might be trying to make contacts with the Navy Department?

Mr. DALINDA. No; I do not think so.

Mr. WHITLEY. You do not think so?

Mr. DALINDA. I am satisfied there was not.

Mr. WHITLEY. And you never heard Mr. Carp make a statement that the Soviet Government intelligence agents had never been able to "crack" the Navy Department?

Mr. DALINDA. "Crack" the Navy Department?

Mr. WHITLEY. That is a phrase which means to make contacts through which they could obtain information.

Mr. DALINDA. That they had endeavored to?

Mr. WHITLEY. He never made a statement to you that gave you the impression or idea that that was one of the purposes to make contacts to establish friendly relations with persons which later on might be used to advantage?

Mr. DALINDA. He never mentioned that.

Mr. WHITLEY. He did not make any mention of that?

Mr. DALINDA. No.

Mr. WHITLEY. As I understand, you said he naturally would not discuss that with you.

Mr. DALINDA. With me?

Mr. WHITLEY. Yes.

Mr. DALINDA. I think I would be the last person he would mention such a thing to.

Mr. THOMAS. He would not mention it to you?

Mr. DALINDA. I do not think he would.

Mr. THOMAS. Even if he were endeavoring to do it, he would not mention it to you, you mean?

Mr. DALINDA. I know that Mr. Carp was out to get money; that is what he wanted.

The CHAIRMAN. Go ahead, Mr. Matthews.

Mr. MATTHEWS. You say that Mr. Carp was out to get money?

Mr. DALINDA. Yes.

Mr. MATTHEWS. By the way, in speaking of Mr. Carp in your correspondence with Mr. Ferris you referred to him as Rodriguez.

Mr. DALINDA. Yes; we remembered he was called that in South America.

Mr. MATTHEWS. I will read from this memorandum again, and ask you to explain whether this statement referred to Mr. Carp.

Next thing I may mention is the suggestion not to pay much attention to what he again says, promises, etc. Unfortunately, his memory "fails" him when it suits his purpose, and sometimes I am sorry that I restrained you from striking him on that memorable occasion in his larger room at the Hay-Adams House. However, it is for the best that you didn't.

That was the occasion in which Mr. Ferris almost struck Mr. Carp; is that correct, is that what you referred to?

Mr. DALINDA. Mr. Chairman, I appealed to you.

Mr. THOMAS. This will not hurt your relatives in Russia, will it?

Mr. DALINDA. It would not, but that is Mr. Ferris' business.

Mr. MATTHEWS. I will read on. [Reading:]

I invite to believe my knowledge of all the surrounding circumstances and the nature of the people—we will get the money. In full. Not much more time to wait. I gave you yesterday the reasons—the Bolshevik Government never failed to pay when it was agreed upon, and I know to my own knowledge that Rodriguez advised Moscow that he had agreed to pay to the Minister, just as I know that he advised there that one of my conditions was the release and delivery of my brothers.

Maybe the following little fact will help in bringing home the point I am driving at. Rodriguez had an employee—

Mr. DEMPSEY. Is that relevant, Mr. Chairman?

Mr. DALINDA. I do not see how it is.

Mr. DEMPSEY. The part relative to his relatives.

The CHAIRMAN. Leave that out.

Mr. DEMPSEY. With reference to relatives.

Mr. DALINDA. It is too late.

Mr. MATTHEWS (continuing):

Rodriguez had an employee, a retired United States Navy captain, who, were he not retired, would have been now in the rank of an admiral, and, therefore, a friend of all the present acting admirals. Wolf would make this captain telephone from their New York office to Admiral Leahy or other admirals, and ask pertinent questions. When this captain preferred not to do that, he was reminded by Wolf in a similar way as he did when pointing an accusatory finger at Admiral Leahy and the old Judge Moore, and reminding the captain he is in their pay and should do what he is told. The captain would later be asked to make a written report of what was said over the telephone, and this written report compared with their records. As you understand, neither the admiral at the Navy Department, nor the captain at Rodriguez's office knew about the latter. When I found out this trick—and it was no less than Wolf himself who boasted about it—I understood how one has to be on guard with them.

Now, Mr. Dalinda, are you not saying here in effect that Mr. Carp and Mr. Wolf, one or the other, or both of them, tried to force a United States Navy captain, their employee, to call up the admirals in Washington and get certain information?

Mr. DALINDA. I say exactly what they say.

Mr. MATTHEWS. And then when his captain—do you also mean to say—

Mr. DALINDA (interposing). I mean to say this, if you will excuse me, Mr. Chairman: I again appeal to you, would it not be proper to discuss these matters in a closed session?

The CHAIRMAN. Well, this does not have anything to do with Russia; this has to do with the Department.

Mr. DALINDA. As I say, this was said to a friend; I told it to Mr. Ferris, and I thought that I could speak freely.

Mr. STARNES. I notice in there you state Moscow is fully apprised of the Minister's activities, or the Minister's work, in that respect. That is correct?

Mr. DALINDA. If I say so, Carp was telling me.

Mr. STARNES. They were fully apprised of the amount of money he was to receive under this contract?

Mr. DALINDA. If Carp said so, they were.

Mr. VOORHIS. I want to know—I am not clear at all about Admiral Leahy and Judge Moore mentioned in there. What was the proposition in connection with them?

Mr. MATTHEWS. The connection was that Carp and Wolf, according to Mr. Dalinda, tried to coerce a naval captain in their employ to make telephone calls to Admiral Leahy and other admirals, to get information from them, and then make a record of it for Carp.

Mr. VOORHIS. That is what they tried to do?

Mr. MATTHEWS. Yes.

Mr. DEMPSEY. Were they successful in that?

Mr. THOMAS. That is what we are trying to find out.

The CHAIRMAN. We don't know.

Mr. STARNES. While we do not know what the information was, we do know, as a result of Carp's money—I mean of Carp's action in spending Soviet money in this country, they were enabled to influence action thereby, or to obtain favorable action that had not been obtained before.

Mr. DEMPSEY. No; I don't think so.

Mr. DALINDA. Gentlemen, there is no money that could influence any naval officer.

Mr. DEMPSEY. I don't see they did obtain action that they could not obtain before.

Mr. DALINDA. It took a great deal of time to get something, and now what they have got is also nothing. But what I want to say is the captain in their service got \$100 a week, or a month—I think a month.

The CHAIRMAN. Did not you testify, though, yesterday, that Wolf was a blunt type of fellow; that he wanted to get it right now by rough methods?

Mr. DALINDA. I never met with Wolf at any other place except the office.

The CHAIRMAN. I know; but did not you say that?

Mr. DALINDA. I said it; but, if it will interest you, Carp himself protested time and time again about Wolf's behavior at Government offices. Wolf would lecture on constitutional rights and keep dogging the officials, and that is why Wolf was not suitable for that purpose. He is a blunt kind of man.

The CHAIRMAN. Now Dr. Matthews has hardly read any of the stuff that is in those two memorandums; is that right?

Mr. MATTHEWS. That is right.

The CHAIRMAN. You have purposely passed up a great many things which the committee is going to hear in executive session and then determine whether or not that matter ought to be released to the public. But here is your own statement, and I do not know what you mean by it when you say that here was an ex-naval officer, retired, on the retired list, who was on the pay roll of the Soviet Government, according to the testimony of Carp, and he is calling up admirals—Wolf is having him call up admirals, for the purpose of getting information. You certainly know what you had in mind

Mr. DALINDA. I had in mind exactly what I said. I repeated what Wolf said to me.

The CHAIRMAN. All right.

Mr. THOMAS. I think it is all very important and so important and so startling that we ought to bring it all out right here and let the whole world know about it.

The CHAIRMAN. Well, there are matters in this memorandum that may affect this man himself. I mean he has relatives in Russia.

Mr. THOMAS. All right; family matters, we can pass up—family matters.

Mr. DALINDA. I appreciate that; that is good and kind. It will affect me personally very much.

The CHAIRMAN. Do you think there are matters you can tell this committee more fully and frankly about in executive session than you have heretofore?

Mr. DALINDA. Yes.

The CHAIRMAN. And will we have any assurance from you that you will give us a full, frank disclosure of this matter?

Mr. DALINDA. Certainly. I don't want to say I was not frank here; but, in view of certain friends, it may interest you—

The CHAIRMAN. In other words, you mean there is certain information you have which you will not now disclose, which—

Mr. THOMAS. Why do you want to go into executive session? So you won't hurt your relatives?

Mr. DALINDA. So it would not hurt me.

Mr. THOMAS. So it would not hurt your relatives; but outside of that, you are willing for everything to be brought out here; is not that true?

Mr. DALINDA. True.

Mr. THOMAS. Then I think anything personal to you we might take up in executive session, and everything else—

Mr. STARNES. You want to conclude the examination here, though. Mr. Chairman?

The CHAIRMAN. I think this will be agreeable, that any matter dealing with his brother, or any of his relatives, his remarks with reference to anybody in a foreign country, be heard in executive session.

Mr. DALINDA. I understand that is now public knowledge, and all the harm that could or may happen—I hope nothing—I think perhaps publicity would only help; but it is done. I never expected that matter to come to the public; that was a most cherished hope of mine.

The CHAIRMAN. You have not made anything public—

Mr. DALINDA. I say my consideration was my brother, and Carp said I had no brother.

The CHAIRMAN. Do you mean to tell me the Soviet Government would be so dictatorial and tyrannical they would punish your relatives because of statements you have made?

Mr. DALINDA. Mr. Chairman, I don't have to tell you about that; you know better about that.

The CHAIRMAN. But you have not said anything yet.

Mr. DALINDA. If I did not say, I will tell you I did not know for 2 years my mother was dead. I did not hear from her for 5 years, and the last message I have from her is not to write, and here you are. And so I stood for very much because I was promised consideration;

and I wrote one of the letters that I did in the hopes only for that, and I would not take that job only for doing that; and I hope the newspapers will have sympathies with me, like all newspapermen do, for the sake of my relatives, and not mention that.

The CHAIRMAN. I have not yet seen what you said.

Mr. DALINDA. That memorandum speaks of——

The CHAIRMAN. We are not going to bring out the memorandum.

Mr. DALINDA. No; but they, however, do speak about it; that is already there.

Mr. STARNES. Mr. Chairman, this man not only has his family, and I sympathize with him on that, but this man got into this thing because there was money in there for him. He knew what he was doing; he is an intelligent man, even if he is a——

Mr. DALINDA. Mr. Congressman, you are certainly right in complimenting me on being intelligent.

Mr. STARNES. He is an intelligent man, and he went into this thing with his eyes open, deliberately, for the purpose of making money. That is what they all were doing; they were making money. And while I have every sympathy in the world with any human being who believes he might be jeopardizing his family——

Mr. DALINDA. You will not jeopardize me?

Mr. STARNES (continuing). Yet I think the best interests of the country might be jeopardized because a man might be willing to do certain things, that were unlawful, for money.

Mr. DALINDA. I beg your pardon; you don't refer to me doing anything unlawful?

Mr. STARNES. I did not say you did; I say if a man did do anything for a monetary consideration, I don't think he ought to have any sympathy.

Mr. DALINDA. You certainly——

The CHAIRMAN. In this correspondence, omit anything with reference to his personal matters; you know what I am talking about; then the committee can take that up in executive session.

Mr. DEMPSEY. I suggest you permit the different members of the committee to see that memorandum—I have seen the memorandum, and, if they will see that, they will get an idea what it is.

Mr. MASON. I have not seen it.

Mr. STARNES. I have not seen it; I only saw a portion of it.

Mr. DEMPSEY. It would not help anybody, and it would hurt a lot. It has nothing to do with this country.

The CHAIRMAN. We are not going into it. We will take a recess now until 1:30 o'clock.

(The committee thereupon took a recess until 1:30 p. m.)

AFTER RECESS

The committee reconvened, pursuant to the taking of the recess, at 1:30 p. m., Hon. Martin Dies (chairman) presiding.

TESTIMONY OF JOSEPH ZIONSON DALINDA—Resumed

The CHAIRMAN. The Chair's idea is that we will let Mr. Matthews ask a few more questions he wants to ask, and then we will probably go into executive session; so there are just a few more questions here

in open session that we will cover, then we will go into executive session and go more fully into it. All right, Mr. Matthews.

Mr. MATTHEWS. Mr. Dalinda, will you please identify the name which appears as "Sir Walter" on some of your memoranda?

Mr. DALINDA. Scott Ferris—Walter Scott, and that is how it becomes "Sir Walter."

Mr. MATTHEWS. I see. So whatever memorandum is addressed to "Sir Walter," that means Mr. Ferris?

Mr. DALINDA. Yes; that is how I called him. I don't call him "Ferris" or "Scott."

Mr. MATTHEWS. And Mr. McGoodwin was addressed as "Minister," or spoken of as "Minister"?

Dr. DALINDA. No; I always addressed him personally.

Mr. MATTHEWS. I mean, where we find that in the correspondence—

Mr. DALINDA. It is always McGoodwin.

Mr. MATTHEWS. And where Rodriguez appears, that refers to Mr. Carp?

Mr. DALINDA. That refers to Mr. Carp.

Mr. MATTHEWS. Did you use other pseudonyms, aliases, or pen names?

Mr. DALINDA. I think so.

Mr. MATTHEWS. How were you referred to, when you were not referred to by your own name?

Mr. DALINDA. I think maybe—I would not remember exactly; I think always I am "Dalinda," you know. Whereas I don't remember, I don't think different.

Mr. MATTHEWS. Was Wolf ever referred to by any name other than his own?

Mr. DALINDA. I don't think so.

Mr. MATTHEWS. You don't think so?

Mr. DALINDA. No.

Mr. MATTHEWS. When you went to the offices of the Carp Export & Import Corporation to have interviews or conferences, was it a practice for the heads of that corporation to take down your conversation on the dictagraph?

Mr. DALINDA. I don't have any direct knowledge of that. I would not be surprised.

Mr. MATTHEWS. But you did so state in your letter to Mr. Ferris, did you not, that they had tried to record your conversations?

Mr. DALINDA. You know that is suspected always, that the Soviet offices keep such instruments.

Mr. MATTHEWS. What about your own office: When they came to see you at your own offices, did you record their voices?

Mr. DALINDA. No. That was suspected, but I did not.

Mr. MATTHEWS. You stated in a letter to Mr. Ferris that you had recorded them?

Mr. DALINDA. I think so.

Mr. MATTHEWS. But that was some more bluff?

Mr. DALINDA. Yes; sometimes.

Mr. MATTHEWS. You did not do it?

Mr. DALINDA. No.

Mr. MATTHEWS. Never?

Mr. DALINDA. Never.

Mr. MATTHEWS. Did you ever contribute to political campaigns, Mr. Dalinda?

Mr. DALINDA. Yes.

Mr. MATTHEWS. In recent years?

Mr. DALINDA. I don't remember. I mentioned only yesterday one contribution.

Mr. MATTHEWS. To whose political campaign did you contribute within the past year?

Mr. DALINDA. About 2 years ago, it was Mr. Mellen. I mentioned that yesterday.

Mr. MATTHEWS. You contributed to the political campaign of Mr. Chase Mellen?

Mr. DALINDA. Yes.

Mr. MATTHEWS. Junior?

Mr. DALINDA. Yes.

Mr. MATTHEWS. Did you contribute anything to any campaigns in Oklahoma?

Mr. DALINDA. No; I didn't. Not that I would not do it, but I was late about it.

Mr. MATTHEWS. Did you write to Mr. Ferris asking him how you could contribute to the campaign of Senator Thomas?

Mr. DALINDA. I did.

Mr. MATTHEWS. Did you make a subsequent contribution?

Mr. DALINDA. I didn't; I was late.

Mr. MATTHEWS. You were late?

Mr. DALINDA. Yes; he was already elected, so my contribution was not made.

Mr. THOMAS. You mean he wrote you a letter after he was elected——

Mr. DALINDA. No; my letter came in presumably at the time he was elected. Anyhow, I would be willing to contribute.

Mr. THOMAS. How did it happen you selected these two men right out of a clear sky—one in New York and one out in Oklahoma?

Mr. DALINDA. In the New York case, I met Mr. Mellen and he was running shortly after that for a local office.

Mr. THOMAS. How much did you contribute to his campaign?

Mr. DALINDA. I mentioned yesterday the figure of \$100. And, about Senator Thomas, it was just to please Mr. Ferris, who was his close friend.

Mr. THOMAS. It was just to please Mr. Ferris?

Mr. DALINDA. Yes.

Mr. THOMAS. Did Mr. Ferris ask you to make that contribution?

Mr. DALINDA. No; he didn't.

Mr. DEMPSEY. Did you contribute?

Mr. DALINDA. No. I regret to say I was late. I would be glad to.

Mr. DEMPSEY. Do you know of any prohibition against American citizens contributing to political campaigns?

Mr. DALINDA. I don't know of any such.

Mr. DEMPSEY. I don't, either.

Mr. MATTHEWS. Mr. Dalinda, did you ever——

Mr. THOMAS. I might say, in that connection, while there is no prohibition, in this case it is a very interesting fact that these men were trying to get the United States Government to lower the bars so that we could manufacture arms for Russia.

Mr. DEMPSEY. There was no embargo on that.

Mr. THOMAS. No; but it is an interesting tie-up.

Mr. DALINDA. Mr. Congressman, I think you will be interested to know—I think Mr. Thomas was against that.

Mr. THOMAS. What is that?

Mr. DALINDA. If I understood correctly, I think Mr. Thomas was against that.

Mr. THOMAS. What "Thomas" are you referring to?

Mr. DALINDA. The Senator from Oklahoma. He did not share in the opinion which Mr. Ferris had on the subject, so that would not be in it, anyway.

Mr. THOMAS. Of course you brought it up, Mr. Counsel, because of the interesting tie-up. I assume? Mr. Matthews, did I understand you are bringing this up because of the interesting tie-up?

Mr. MATTHEWS. Yes; I was just inquiring what the facts are.

Mr. DEMPSEY. What tie-up?

Mr. MATTHEWS. Mr. Dalinda wrote a letter to Mr. Ferris saying he intended to contribute, or asking how he could contribute, to whom he could send a check, and I was going to inquire of him how much he contributed.

Mr. DALINDA. And whether I did.

Mr. MATTHEWS. And whether he did.

Mr. DEMPSEY. Was there any prohibition in the law about it?

Mr. MATTHEWS. No; but it is sometimes a matter of congressional investigation.

Mr. DALINDA. That was all the contribution, which I mentioned. There was no other.

Mr. MATTHEWS. That was the only one?

Mr. DALINDA. Yes.

Mr. MATTHEWS. Mr. Dalinda, there is a reference here in a letter from Scott Ferris—

Mr. THOMAS. I would like to ask another question: Those contributions you were making; they were being made by you out of your own funds?

Mr. DALINDA. Entirely out of my own funds; by check to Mr. Mellen.

Mr. THOMAS. And where were you getting those funds from?

Mr. DALINDA. My funds?

Mr. THOMAS. Yes.

Mr. DALINDA. I am in business—from my business.

Mr. THOMAS. And you were also getting funds from Russia, were you not?

Mr. DALINDA. Sir, I did not get them direct from Russia.

Mr. THOMAS. Not directly; but, indirectly, that is where the funds came from?

Mr. DALINDA. Yes.

Mr. THOMAS. That is the point I was trying to make, Mr. Dempsey, that these funds were coming indirectly from Russia, and some of them were being passed on in the form of political contributions in the United States.

Mr. DALINDA. But the money I contributed was before I got any money.

Mr. DEMPSEY. I do not think there is any such testimony as that. The witness testified yesterday he contributed \$100 to some man locally.

Mr. DALINDA. Mr. Mellen. He is a Republican and an important Republican in the State of New York. And, as a matter of fact, I am confident the contribution was made before I got any money.

Mr. DEMPSEY. He was running for some local office?

Mr. DALINDA. Yes.

Mr. DEMPSEY. And you gave him \$100 for his campaign?

Mr. DALINDA. Yes. His political manager sent a letter and I replied; but, as a matter of fact, I contributed the money before I got any money from McGoodwin.

Mr. THOMAS. He was also helping this whole crowd?

Mr. DALINDA. He was helping; my story was he was helping with one shipbuilding company.

Mr. THOMAS. Sure; that is right. It does not make any difference to me whether it is a Republican or a Democrat, it is all the same thing.

Mr. DEMPSEY. Are you sure about that?

Mr. THOMAS. I am positive.

Mr. MATTHEWS. Mr. Dalinda, there is a reference here in a letter from Mr. Ferris about "a proposed deal," which perhaps you can explain:

If you—

(meaning Mr. McGoodwin)—

Mr. Dalinda, Charlie Michelson, Colonel Woodson, and Charlie Cunningham want to take a fly at this land deal, there is plenty of it here for all of us. The sale is so near at hand, so wire me immediately on receipt of this letter to what extent, if at all, you want to play.

Does that have anything to do with this matter of Carp's?

Mr. DALINDA. No. I recall that reference. That was a matter of land to be bought in Oklahoma at sales.

The CHAIRMAN. Bought from the Government?

Mr. DALINDA. From the Government—no.

Mr. DEMPSEY. You are talking about oil lands?

The CHAIRMAN. Lands in Oklahoma.

Mr. DALINDA. In Oklahoma City—no, Oklahoma State, and maybe in the city.

Mr. THOMAS. Who did you buy these lands from?

Mr. DALINDA. I am not sure from whom he would buy them.

Mr. THOMAS. You are not sure from whom you bought the lands there?

Mr. DALINDA. I don't know whether he bought—yes; he bought some, I think; yes. However, I didn't take any part in it.

Mr. MATTHEWS. You did take part in it?

Mr. DALINDA. No; I didn't.

Mr. MATTHEWS. You didn't?

Mr. DALINDA. No.

Mr. MATTHEWS. Then you would not know about the matter first hand?

Mr. DALINDA. I spoke to Mr. Ferris about that, but quite some time—

Mr. MATTHEWS. On the question of where this Carp battleship stands at the present moment, I would like to have you clear that up, Mr. Dalinda. Is the application for this battleship still pending—the application with the State Department?

Mr. DALINDA. I don't know; I would expect it does not, because we all understood that permission was granted for them to have it.

Mr. MATTHEWS. Perhaps you could clear up this telegram and letter, then, and tell us what it does refer to. This is a telegram from you to Hon. Scott Ferris, dated August 3, 1939—a little more than a month ago.

Mr. DALINDA. I remember that; yes.

Mr. MATTHEWS. It reads:

Would it be too much to ask to write me how things stand. Regards.

Mr. DALINDA. Yes.

Mr. MATTHEWS. Then the answer of Mr. Ferris to you, dated August 15, 1939:

DEAR MR. DALINDA: I just returned to the office this morning. I hasten to make reply to your telegram.

So far as I am aware the Russian technicians have the matter in Moscow and, as I understand, nothing is desired to have us do until they return and until they give final verdict in the premises. I have been devoting my attention to other matters and after the diplomatic end apparently took it over for the time I have thought there was nothing we could do until they finish rolling it over, after which we will probably go back to the task, at least, hold ourselves in readiness.

Does that mean these plans are still in Moscow now, being passed upon?

Mr. DALINDA. I think I saw yesterday in the papers where Carp said they were already examined, and whether they were returned, or not, I would not have any knowledge.

Mr. MATTHEWS. But the application with the State Department is now pending for the approval of those plans?

Mr. DALINDA. I would think they were approved; wouldn't you think so?

Mr. MATTHEWS. I am asking you.

Mr. DALINDA. I don't know.

Mr. MATTHEWS. The permit was made and canceled at one time, was it not?

Mr. DALINDA. The permit was canceled?

Mr. MATTHEWS. Yes; the permit of the State Department was granted a little over a year ago and about 6 months later was canceled.

Mr. DALINDA. I don't know that.

Mr. MATTHEWS. You don't know that?

Mr. DALINDA. How can it be canceled, when they were sent to Russia?

Mr. MATTHEWS. That is what I am trying to inquire of you. The communication here states it has been formally canceled, but that the matter stands as it was.

Mr. DALINDA. I don't know that.

Mr. MATTHEWS. Then, so far as you know, the whole matter of the Carp battleship has not yet reached a final conclusion. Some plans are in Moscow, at least, waiting to be passed upon?

Mr. DALINDA. Yes. I think he wants to build—there was an expectation to build smaller units.

Mr. MATTHEWS. Cruisers?

Mr. DALINDA. Something smaller than cruisers.

Mr. MATTHEWS. These plans maybe refer to cruisers.

Mr. DALINDA. These plans refer probably to the big ship; is not that so?

Mr. MATTHEWS. It is Mr. Ferris' letter, and I am asking you how you understood it.

Mr. DALINDA. I don't know. I understand after they got permission for 50,000 tons, they wanted permission for 35,000, and I understand this has to do with 35,000.

Mr. MATTHEWS. This has to do with 35,000?

Mr. DALINDA. Yes. Do I understand you are making a few marks on my letters?

Mr. MATTHEWS. Just a slight pencil mark, yes. Would you rather not have that done? They have to be copied by the reporter, in order to be entered in the record, and otherwise the reporter will not know how much to copy and might copy too much.

Mr. DALINDA, were you acquainted with the fact that about 5 years ago the President issued a statement requiring members of the Democratic National Committee who were operating as lobbyists in Washington to resign from their posts as Democratic committeemen?

Mr. DALINDA. No; I didn't know that. I don't remember.

Mr. MATTHEWS. You did not know that?

Mr. DALINDA. No.

Mr. MATTHEWS. Have you learned it since?

Mr. DALINDA. No; I heard it now.

Mr. MATTHEWS. You just heard it now?

Mr. DALINDA. Yes.

Mr. MATTHEWS. That was not taken into account when you employed Mr. Ferris to represent Mr. Carp?

Mr. DALINDA. I did not employ Mr. Ferris.

Mr. MATTHEWS. You were involved in it?

Mr. DALINDA. Yes; I was involved in it. I think Mr. Ferris would be the best to answer that question, Mr. Counsel. And we never discussed that and it never was mentioned in my presence. I presume Mr. Ferris was aware of that, if that is so.

Mr. MATTHEWS. Mr. Chairman, there are some other matters which I think, by agreement, we are to take up in executive session.

The CHAIRMAN. Your thought is to go into executive session now on those other matters?

Mr. MATTHEWS. Yes.

The CHAIRMAN. Then, if the committee wants to make public any of the information later, why that is one thing. The committee will go into executive session. Please clear the room.

(The committee thereupon went into executive session.)

INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

FRIDAY, SEPTEMBER 22, 1939

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE UN-AMERICAN ACTIVITIES,
Washington, D. C.

The committee met at 10:30 a. m., in the caucus room, House Office Building, Hon. Joe Starnes, presiding.

Present: Mr. Starnes, Mr. Dempsey, Mr. Voorhis, Mr. Mason, Mr. Casey, and Mr. Thomas.

Present also: Mr. J. B. Matthews, Director of Research.

Mr. STARNES. The committee will come to order. I understand Mr. Charles Recht is present this morning, and Mr. Matthews will conduct the examination of the witness.

TESTIMONY OF CHARLES RECHT, ATTORNEY, NEW YORK CITY

(The witness was sworn by Mr. Starnes.)

Mr. MATTHEWS. Will you give the committee your full name?

Mr. RECHT. Charles Recht.

Mr. MATTHEWS. What is your home address?

Mr. RECHT. 1 University Place, New York.

Mr. MATTHEWS. What is your business address?

Mr. RECHT. I am an attorney, with an office at 10 East Fortieth Street.

Mr. MATTHEWS. Under what name do you conduct your business, Mr. Recht?

Mr. RECHT. Under my own name.

Mr. MATTHEWS. Have you ever been in the Soviet Union?

Mr. RECHT. Oh, yes.

Mr. MATTHEWS. How many times?

Mr. RECHT. I believe seven or eight times.

Mr. Chairman, may I make a correction, before Dr. Matthews proceeds much further?

There appeared a story in the newspapers that I was dodging a subpoena. I would like very much to correct that and to give you a statement as to the facts in that situation.

I was on my vacation when, on Monday afternoon, a process server appears at my office and leaves a subpoena, I understand, about 4 or 4:30 in the afternoon, returnable at 10 o'clock on Tuesday morning.

I had left for an automobile trip, not intending to communicate with my office until the following Monday.

The subpoena server said if my office would communicate with the committee, a definite date could be set, which was done, and it was suggested that I would appear here on Tuesday.

Subsequently, when I called upon Wednesday I was told you were looking for me, and I immediately returned.

I want it distinctly understood I have never been served with a subpoena, I have never dodged a subpoena, and if the committee had only written me a letter, you would not have required the issuing or production of any subpoena, and I would have been very glad to be here and answer any and all questions.

Mr. STARNES. We are glad to have you here and to have that explanation from you.

Mr. MATTHEWS. You said you had been in the Soviet Union seven or eight times.

Mr. RECHT. Yes.

Mr. MATTHEWS. When was your first trip to the Soviet Union?

Mr. RECHT. 1922.

Mr. MATTHEWS. When were you there last?

Mr. RECHT. 1936.

Mr. MATTHEWS. You have not been in the Soviet Union since 1936?

Mr. RECHT. No.

Mr. MATTHEWS. What time of the year were you there in the year 1936?

Mr. RECHT. In the spring.

Mr. MATTHEWS. Do you remember the months?

Mr. RECHT. The middle of May, I believe.

Mr. MATTHEWS. How long were you there on that visit?

Mr. RECHT. About 2 weeks.

Mr. MATTHEWS. What was the purpose of your latest trip to the Soviet Union?

Mr. RECHT. It was partially business and partially—well, a pleasure trip. I took a trip around the world.

Mr. MATTHEWS. What was the nature of the business on which you went to the Soviet Union?

Mr. RECHT. In connection with inheritance matters.

Mr. MATTHEWS. What countries did you visit other than the Soviet Union on this trip around the world?

Mr. RECHT. I first went to France and then went to Czechoslovakia and had an interview with President Benes, which was published in the New York Post. I then went to Poland to study the Jewish question in Poland.

I took the Trans-Siberian Railroad and went to China and had an interview with Finance Minister H. H. Kung, and with the President of the Republic, Dr. Sun-Fo, and several other Chinese leading men. Then I returned via Vancouver home, spending a few days in the Canadian Rockies.

Mr. MATTHEWS. When were you in the Soviet Union immediately prior to this visit of 1936?

Mr. RECHT. That I do not recall; it might have been 1934.

Mr. MATTHEWS. You were not there in 1935?

Mr. RECHT. I do not believe so.

Mr. MATTHEWS. What was the object of your visit in 1934?

Mr. RECHT. That was in connection with the work which I have been carrying on relative to inheritance matters and other matters involving Russian nationals.

Mr. MATTHEWS. What other matters besides inheritance?

Mr. RECHT. Insurance matters.

Mr. MATTHEWS. Were you in the Soviet Union in 1933?

Mr. RECHT. I think so.

Mr. MATTHEWS. On what business were you there then?

Mr. RECHT. The same.

Mr. MATTHEWS. Were you there in 1932?

Mr. RECHT. I do not recall; I might have been. I do not remember the dates, it was seven or eight times, and I also visited for that same purpose other countries, France, for instance. We have represented French nationals for that purpose.

Mr. STARNES. You say "we."

Mr. RECHT. I mean my office.

Mr. STARNES. Your firm?

Mr. RECHT. Yes.

Mr. MATTHEWS. Your first visit to the Soviet Union was in 1922?

Mr. RECHT. That is correct.

Mr. MATTHEWS. Were you there on inheritance and insurance business at that time?

Mr. RECHT. Yes; on interests involving Russian legal questions; legal questions involving Russians in this country.

Mr. MATTHEWS. Have you ever been in England?

Mr. RECHT. Yes; two or three times.

Mr. MATTHEWS. On business?

Mr. RECHT. On business as well as pleasure.

Mr. MATTHEWS. And Switzerland?

Mr. RECHT. Never been to Switzerland—I passed through in trains in going to other countries; in going to my native land, for instance, Czechoslovakia.

Mr. MATTHEWS. And Japan?

Mr. RECHT. No; I was in Manchukuo on the way to China, passing through on the way to China.

Mr. MATTHEWS. You were in China in that same year, 1936?

Mr. RECHT. That is correct.

Mr. MATTHEWS. What other Chinese officials did you meet besides Dr. H. H. Kung, and the President of the Republic, Dr. Sun-Fo?

Mr. RECHT. I met the counsellor of the foreign office, Dr. Pi Waitchapou.

Mr. MATTHEWS. What was his position?

Mr. RECHT. He was counsellor of the foreign office, the legal adviser; and he discussed international law.

Mr. MATTHEWS. Did you ever meet General Chiang Hsiu Liang?

Mr. RECHT. No; never met him.

Mr. MATTHEWS. Did you ever have any relations of any kind with him?

Mr. RECHT. No.

Mr. MATTHEWS. Through an intermediary?

Mr. RECHT. No.

Mr. MATTHEWS. Did you ever meet General Chiang Kai-Shek?

Mr. RECHT. No; I was promised an interview, but it did not take place.

Mr. MATTHEWS. Are you a member of the Communist Party of the United States?

Mr. RECHT. No.

Mr. MATTHEWS. Have you ever been a member?

Mr. RECHT. No.

Mr. MATTHEWS. Openly or secretly?

Mr. RECHT. Never; the only party I have ever belonged to is the Democratic Party.

Mr. MATTHEWS. Are you a member of the American League for Peace and Democracy?

Mr. RECHT. No.

Mr. MATTHEWS. Were you ever a member of the American League against War and Fascism?

Mr. RECHT. No.

Mr. MATTHEWS. Have you ever contributed, financially, to either of those organizations?

Mr. RECHT. Yes.

Mr. MATTHEWS. To which?

Mr. RECHT. Oh, I sent a contribution to the journal of the American League against War and Fascism, Fight.

Mr. MATTHEWS. The magazine Fight?

Mr. RECHT. Yes; because they published my articles on China.

Mr. MATTHEWS. You contributed to the magazine because they published your articles?

Mr. RECHT. That is correct.

Mr. MATTHEWS. Was that in the nature of a subsidy, to get your articles in the magazine?

Mr. RECHT. It was the easiest way out, Dr. Matthews.

Mr. MATTHEWS. On these trips to the Soviet Union, who paid your expenses?

Mr. RECHT. I paid my own expenses.

Mr. MATTHEWS. Was that also true of your trip around the world?

Mr. RECHT. Oh, yes.

Mr. MATTHEWS. You paid your entire expenses?

Mr. RECHT. Yes.

Mr. MATTHEWS. Have you ever traveled on a false passport?

Mr. RECHT. No.

Mr. MATTHEWS. Have you always traveled on passports issued in your own name?

Mr. RECHT. Oh, yes; decidedly so.

Mr. MATTHEWS. Did you ever make any other contributions to the American League for Peace and Democracy, or the American League against War and Fascism, other than what you have mentioned?

Mr. RECHT. None; except to the magazine.

Mr. MATTHEWS. Have you made more than one to the magazine?

Mr. RECHT. Yes.

Mr. MATTHEWS. Two or three?

Mr. RECHT. Yes.

Mr. MATTHEWS. Do you remember how many?

Mr. RECHT. Two or three times they published my articles.

Mr. MATTHEWS. What sums did you contribute to the magazine Fight?

Mr. RECHT. I think I gave them \$100 for each article they published.

Mr. MATTHEWS. That was two or three times?

Mr. RECHT. Yes.

Mr. MATTHEWS. You do not remember exactly how many times; was it two or three times?

Mr. RECHT. Two or three.

Mr. MATTHEWS. Do you recall an organization known as the Prodexco?

Mr. RECHT. No; if you will—I do not recall it; if you will give me a little more detail.

Mr. MATTHEWS. It is spelled P-r-o-d-e-x-c-o.

Mr. RECHT. I do not recall it just offhand. If you could tell me more about it—

Mr. MATTHEWS. Can you not tell us more about it?

Mr. RECHT. The name sounds familiar.

Mr. MATTHEWS. Were you one of the directors of the organization?

Mr. RECHT. Not that I recall; I would know if I was a director of the organization.

Mr. MATTHEWS. You were not one of the incorporators of the organization?

Mr. RECHT. No; not to the best of my recollection.

Mr. MATTHEWS. You have no recollection of the organization at all?

Mr. RECHT. No.

Mr. MATTHEWS. None whatsoever?

Mr. RECHT. Not offhand; the name sounds familiar. If you will identify—

Mr. MATTHEWS. If you ever had any connection with it I think you would remember.

Mr. RECHT. Not necessarily. I have lived a long business life, Dr. Matthews, and have been 30 years at the bar.

Mr. MATTHEWS. Did you ever know Ludwig C. K. Martens?

Mr. RECHT. Yes; he was my client.

Mr. MATTHEWS. Who was Mr. Martens?

Mr. RECHT. Mr. Martens was the first representative of the Soviet Government in this country.

Mr. MATTHEWS. How long was he a representative of the Soviet Government in this country?

Mr. RECHT. About a year.

Mr. MATTHEWS. What year was that?

Mr. RECHT. 1918 to 1919.

Mr. MATTHEWS. Was he the so-called unofficial ambassador of the Soviet Union in the United States?

Mr. RECHT. I believe that is what he was called by the newspapers.

Mr. MATTHEWS. What were the circumstances of his departure from the United States?

Mr. RECHT. Well, that is all a matter of a 15,000-word record by the Senate investigating committee in 1919, gentlemen.

Mr. MATTHEWS. Will you proceed and summarize that in a few sentences?

Mr. RECHT. Mr. Martens was investigated by the Senate committee, I think by the Overman committee and by the Lusk committee and some other committees, on the charge that he was a member of the Communist International. Finally deportation proceedings were be-

gun against him in 1919 or 1920, and then he departed.

Mr. MATTHEWS. You say deportation proceedings were begun and then he departed?

Mr. RECHT. That is correct.

Mr. MATTHEWS. Do you mean he was deported?

Mr. RECHT. He was not; it was a voluntary departure on an arrangement by Secretary Wilson, who was Secretary of Labor at that time.

Mr. MATTHEWS. You say it was voluntary; it could have been a departure under the pressure of deportation proceedings?

Mr. RECHT. I do not know what you call it, but the Secretary of Labor and I, as attorney for Mr. Martens, made an arrangement that in lieu of deportation Mr. Martens can voluntarily depart, wherein the deportation was afterward canceled.

Mr. MATTHEWS. Who represented Mr. Martens?

Mr. RECHT. Governor Hardwick, of Georgia, and Dudley Field Malone, and Professor Hourwich. The chief counsel was Governor Hardwick of Georgia.

Mr. MATTHEWS. Were you a member of the so-called Embassy staff headed by Mr. Martens?

Mr. RECHT. Not a member; I was attorney for Mr. Martens in the deportation proceedings, one of the attorneys.

Mr. MATTHEWS. Have you been attorney for the Soviet Embassy since the recognition of the Soviet Union in 1933?

Mr. RECHT. No—I have handled some cases which were referred to me by the Embassy, that is, one case only.

Mr. MATTHEWS. Then you have served the Soviet Embassy in a legal capacity?

Mr. RECHT. Yes.

Mr. MATTHEWS. In one case?

Mr. RECHT. I was consulted only in one case.

Mr. MATTHEWS. What was that case?

Mr. RECHT. I submit to you, gentlemen, that as a matter between attorney and client, that is privileged, and I am not obliged to answer it, but it is no secret. It was in connection with the search for the Russian fliers lost in the Arctic region. A plane had been hired and smashed in Alaska, and the people who owned the plane made some claims which the Embassy thought were exorbitant, and I was called in to sit in as adviser to try to adjust this claim between the owner of the plane and the Embassy, that is all, and I was paid.

Mr. MATTHEWS. Are you retained at the present time by the Soviet Embassy?

Mr. RECHT. Not unless I am called, and I hope to be retained in any case that might arise. There is no permanent retainer, however.

Mr. MATTHEWS. Or for the Soviet consulate in New York?

Mr. RECHT. No; we are not retained by the Soviet consulate, but we have appeared for the Soviet consulate.

Mr. MATTHEWS. Are you an attorney for the Amtorg Trading Corporation?

Mr. RECHT. No.

Mr. MATTHEWS. Have you ever been?

Mr. RECHT. I am counsel——

Mr. MATTHEWS. You are counsel for the Amtorg Trading Corporation?

Mr. RECHT. That is a matter where cases of litigation are sometimes referred to me, but only in litigation. That is a matter of record. We appear here and there in cases which reach the courts.

Mr. MATTHEWS. How long have you been counsel for the Amtorg Trading Corporation?

Mr. RECHT. Only since Judge Thacher—I took the litigation part away from Simpson, Thacher & Bradley, Judge Thacher's firm.

Mr. MATTHEWS. Have you ever had any business connections with the Soviet Government?

Mr. RECHT. Well, I am appearing for the Soviet Government in one case now pending in the southern district of New York, in the Federal court, against the National City Bank.

Mr. MATTHEWS. Is that the only case you have ever had on behalf of the Soviet Government?

Mr. RECHT. No; I have appeared in three or four cases which were referred to me.

Mr. MATTHEWS. Over a period of years?

Mr. RECHT. Yes.

Mr. MATTHEWS. Beginning at what time, do you recall?

Mr. RECHT. I do not recall. As I recall there were not more than three for the Soviet Government.

Mr. MATTHEWS. Have you ever represented any institutions other than the Government itself, institutions of the Soviet Government?

Mr. RECHT. That would be included in the general retainer. You mean institutions of the Soviet Government?

Mr. MATTHEWS. Departments of the Soviet Government.

Mr. RECHT. Yes; I represented in one case the Natural Gas Corporation, which was a part of the Government, in a lawsuit.

Mr. MATTHEWS. The Natural Gas Trust, or Corporation?

Mr. RECHT. Trust.

Mr. MATTHEWS. The Natural Gas Trust of the Soviet Union?

Mr. RECHT. Yes.

Mr. MATTHEWS. When was that, do you recall?

Mr. RECHT. About a year or two ago.

Mr. MATTHEWS. Throughout your practice as an attorney in the United States, have you ever instituted suits in the United States on behalf of any branch or department of the Soviet Government, or one of its subsidiary agencies?

Mr. RECHT. I told you we brought suit—this suit pending now was originally started in 1921; it is a suit against the National City Bank, and then because of a decision of the Court of Appeals of the State of New York we had to suspend it, but after recognition we resumed it. This is a case that went to the United States Supreme Court after being in the court of appeals, and now we may go into the appellate division on the same case.

Mr. MATTHEWS. Is that the case of the Russian Volunteer Fleet?

Mr. RECHT. No; that is the case of the U. S. S. R. against the National City Bank.

Mr. MATTHEWS. What is the Russian Volunteer Fleet?

Mr. RECHT. The Russian Volunteer Fleet was a corporation organized under the czarist government.

Mr. MATTHEWS. Did you ever institute suit in this country on behalf of the Russian Volunteer Fleet?

Mr. RECHT. Oh, yes—I did not institute it, I took it over.

Mr. MATTHEWS. You conducted that suit on behalf of the Russian Volunteer Fleet?

Mr. RECHT. That is right.

Mr. MATTHEWS. When did that take place?

Mr. RECHT. The suit was commenced in 1918, I think.

Mr. MATTHEWS. When was it finally adjudicated?

Mr. RECHT. It was not adjudicated.

Mr. MATTHEWS. What was the outcome?

Mr. RECHT. That, gentlemen, is a matter of 7,000 pages of testimony in the Court of Claims now, where the case was pending. This was a case involving the seizure by our Government of two ships that the Russians were building here during the war.

Mr. MATTHEWS. You can state in a word what the outcome was?

Mr. RECHT. The outcome was that when Mr. Lebreer concluded an agreement with our President he assigned this claim to the United States.

Mr. MATTHEWS. You stated you have represented litigants in the Soviet Union in connection with American insurance companies; is that correct?

Mr. RECHT. Oh, yes.

Mr. MATTHEWS. A great many of them?

Mr. RECHT. 12,000 individuals.

Mr. MATTHEWS. 12,000 cases?

Mr. RECHT. Yes.

Mr. MATTHEWS. 12,000 cases of Russian citizens who had claims, or purported claims, against American insurance companies?

Mr. RECHT. Yes; except that there were also some Polish, some Lithuanian, some Latvian, some Germans, and some Estonians as well as some Americans in this 12,000.

Mr. MATTHEWS. Were these citizens of other countries you have just named at one time citizens of Russia?

Mr. RECHT. They might have been.

Mr. MATTHEWS. Was that the reason why that was handled in this group of cases?

Mr. RECHT. They arose by reason of policies issued by the New York Life Insurance Co. in Russia. Then these people were in different parts of the world and they sued because they had bought Russian policies.

Mr. MATTHEWS. They were at one time citizens of Russia, they took their policies out in Russia?

Mr. RECHT. That is right. I remember one case of an American citizen who had lived in Russia and took out a New York Life Insurance policy in Russia and took that policy with him. The question arose as to where the policies were issued.

Mr. MATTHEWS. Do you represent these claimants in these 12,000 cases individually; do you represent these persons individually?

Mr. RECHT. Yes; as attorney under an arrangement with the New York Life.

Mr. MATTHEWS. Did these 12,000 persons get in touch with you, individually?

Mr. RECHT. No; that is a matter of a contract which was concluded between the New York Life and myself, and Messrs. Sullivan & Cromwell, attorneys, which is about 70 pages long, and under this

contract I was appointed administrative agent to settle all these claims arising by reason of these Russian policies.

Mr. MATTHEWS. From the Russian end of that matter, was there not some agency in the Soviet Union with which you dealt?

Mr. RECHT. Yes; an agency which is still in existence, which is called Iniurcollegia.

Mr. MATTHEWS. Did not these 12,000 individuals cooperate through this organization as an intermediary in order to retain you as their counsel in these cases?

Mr. RECHT. That is correct.

Mr. MATTHEWS. You did not have any personal or direct contacts with these 12,000 individuals yourself?

Mr. RECHT. Sometimes they wrote me letters, and we answered them.

Mr. MATTHEWS. Were they few or many?

Mr. RECHT. Many.

Mr. MATTHEWS. About how many would say?

Mr. RECHT. They even wrote letters to the New York Life, which the New York Life sent back to us, and we answered them, or Sullivan & Cromwell, attorneys for the New York Life.

Mr. MATTHEWS. Is not the Iniurcollegia an agency of the Soviet Government?

Mr. RECHT. No; the Iniurcollegia is an association of the Moscow bar, of lawyers.

Mr. MATTHEWS. Was it a prerevolution organization?

Mr. RECHT. No.

Mr. MATTHEWS. Did you ever represent any prerevolutionary Russian insurance organizations in this country?

Mr. RECHT. Not that I know of. I do not recall just what you mean by prerevolutionary.

Mr. MATTHEWS. Organizations which existed prior to the revolution and which continued after it.

Mr. RECHT. I do not recall any.

Mr. MATTHEWS. An organization known as the Russian Insurance Co.?

Mr. RECHT. No; not any Russian insurance company; what you are after is the Moscow Fire, I suppose; I can tell you about that.

Mr. MATTHEWS. The Moscow Fire Insurance Co.?

Mr. RECHT. That is right; is that what you are after?

Mr. MATTHEWS. What was that?

Mr. RECHT. The Moscow Fire was an insurance company which had a branch in America and did a lot of reinsuring.

Mr. MATTHEWS. Was not that the Rossia Insurance Co.?

Mr. RECHT. No; that was another. There were a group of them. There was a Moscow Fire Co., First Russian, the Second Russian, and the Rossia, a Russian reinsurance company; they all did reinsurance business here.

After the revolution the superintendent of insurance of the State of New York took these companies into liquidation, and he asked me to assist him. I did assist the superintendent of insurance as well as his counsel, who was at that time Mr. Donnelly.

Mr. MATTHEWS. The superintendent of insurance of the Soviet Union?

Mr. RECHT. Of the State of New York. Mr. Donnelly was of the firm of Olvany, Eisner & Donnelly.

Mr. THOMAS. Did you represent the American branches of those reinsuring companies, or the parent company?

Mr. RECHT. I did not represent anybody, Mr. Congressman. I was asked by the superintendent of insurance because of my contact I could make with Russia to assist Mr. Donnelly and try to preserve the funds against improper claimants in this country, and I did assist him for about 3 years. I also assisted him in the Russia insurance case, but that did not get very far, I might say.

Mr. MATTHEWS. What was the Russia insurance case?

Mr. RECHT. The Russia insurance case was another reinsuring company, that was taken over—is it material, gentlemen? It is such an old story and I will be taking up your time, and it is all a matter of record.

The Russia was grabbed up by a lot of improper people in the State of Connecticut, in my opinion, and if you want to go into all of that, I shall be glad to do it.

The superintendent of insurance tried to prove that the transfer was fraudulent, and the case was tried. I sat in as assistant, voluntarily, with the superintendent's attorney or counsel, and he retained, I think it was Professor Wolf, of Rumsey & Morgan. This is all past history. and the court of appeals, Judge Wasshworld, was sitting in the supreme court, and decided that the whole transfer was fraudulent, and then on appeal to the appellate division as well as the court of appeals, Judge Wasshworld's decision was reversed.

Mr. MATTHEWS. Who was this Wolf you refer to?

Mr. RECHT. He was a member of the firm of Rumsey & Morgan, New York attorneys.

Mr. MATTHEWS. Will you please name the banks in which you keep your accounts?

Mr. RECHT. We have an account in the Chase; the Manufacturers Trust; National City, and Empire Trust, and maybe two or three small accounts where I am named administrator or executor of estate in some other banks.

Mr. MATTHEWS. Are these accounts in the name of your law firm?

Mr. RECHT. In my own name.

Mr. THOMAS. You have an account in the Manufacturers Trust Co.?

Mr. RECHT. Yes.

Mr. MATTHEWS. Chase, Manufacturers Trust, National City, and Empire Trust?

Mr. RECHT. That is right. There may be two or three small accounts where I am administrator or executor of an estate.

Mr. THOMAS. Do you have an account in the Amalgamated?

Mr. RECHT. No.

Mr. MATTHEWS. Have you ever had occasion to collect moneys in the United States or Canada for persons or institutions in Russia?

Mr. RECHT. I have explained—

Mr. MATTHEWS. Insurance money?

Mr. RECHT. Insurance money and inheritance.

Mr. MATTHEWS. Any other funds than insurance or inheritance?

Mr. RECHT. Well, we might have brought suits for nonsupport, for compensation, negligence—I do not know; I mean, ordinary legal practice.

Mr. MATTHEWS. Could you give an estimate of the amount of such moneys that you have collected in your work as counsel for Russian individuals or governmental agencies?

Mr. RECHT. Our transmissions to individuals run to about \$150,000 a year for Russians.

Mr. MATTHEWS. For Russians?

Mr. RECHT. For Russians. They are less than that for French and Poles.

Mr. MATTHEWS. How are these funds transmitted?

Mr. RECHT. Through the Chase National Bank.

Mr. MATTHEWS. To what agency in Moscow?

Mr. RECHT. To the bar association, Iniurcollegia.

Mr. MATTHEWS. These funds are directly transmitted?

Mr. RECHT. Yes.

Mr. MATTHEWS. They are not matters of bookkeeping transactions?

Mr. RECHT. No. We have to furnish receipts for the court, to the administrators and the lawyers showing that the payment was made and the debt was discharged. Those receipts are filed in court.

Mr. MATTHEWS. Who issues those receipts?

Mr. RECHT. The individual signs the receipt.

Mr. MATTHEWS. The individuals?

Mr. RECHT. Yes, before notaries or American consuls.

Mr. MATTHEWS. These individuals are in Russia?

Mr. RECHT. Yes.

Mr. MATTHEWS. They issue receipts or sign receipts before notaries, and they are sent back to you by Iniurcollegia?

Mr. RECHT. Yes. In Poland they were signed before Polish notaries; in France they were signed before French notaries.

Mr. MATTHEWS. As far as the Soviet Union is concerned, in every case you have been satisfied that the individual claimant has received the funds transmitted to him?

Mr. RECHT. Gentlemen, I submit again, within the scope of this resolution—I am willing to answer and I will answer very clearly and gladly, but I just wonder how material this is. If you want to know, I will tell you what happened. When I went to Russia, I visited the office of this bar association. It is the same as any other law office—people coming in there and raising the dickens about a high funeral bill, about a claim that was settled for an estate that was too large; and I generally ducked, so I would not have to answer any questions. It was the same in France or in Poland.

We have the receipts, and even after the money is received we sometimes get a letter directly from a claimant, because the bar association office says, "If you are not satisfied, write to the lawyer directly," and they write us letters, and we have to answer the client directly that we settled the claim for board and lodging for so much money rather than go to court, because the litigation would be more expensive than the settlement. Of course, they believe that the lawyer is in cahoots with the claimant. You gentlemen are lawyers; you know how that is. Lawyers get accused of almost everything.

Mr. MATTHEWS. Mr. Chairman, I think the witness can give a yes or no answer to that question.

Mr. DEMPSEY. What is the question?

Mr. MATTHEWS. I will ask the reporter to read it.

Mr. DEMPSEY. Ask the question again. I do not know what the question is.

Mr. MATTHEWS. I asked the witness if he has been satisfied that in every individual case the claimant has received the funds which he has collected for him in this country.

Mr. RECHT. Well, I have answered it.

Mr. MATTHEWS. Yes, or no.

Mr. RECHT. Yes; surely; I am satisfied.

Mr. DEMPSEY. He said he had receipts from them.

Mr. RECHT. That is right.

Mr. DEMPSEY. That is the only evidence you could possibly get.

Mr. RECHT. Yes.

Mr. MATTHEWS. Have all of these cases in the Soviet Union or the constituent republics of the Soviet Union been handled through Iniurcollegia?

Mr. RECHT. That is right.

Mr. MATTHEWS. Have any of these claimants resided in the Republic of Georgia or the Republic of the Ukraine?

Mr. RECHT. Well, we do not distinguish where they reside. We get a case and find out where a person resides.

Mr. MATTHEWS. Do you know in many instances where the claimant resides?

Mr. RECHT. In every instance.

Mr. MATTHEWS. You know in every instance?

Mr. RECHT. We have to tell the court about it.

Mr. MATTHEWS. The fact that these republics which I have named are known as autonomous republics has no bearing on the case so far as your work is concerned?

Mr. RECHT. No.

Mr. MATTHEWS. I think I asked you if you could give some approximate amount of the claims you have collected on behalf of these individuals in the Soviet Union.

Mr. RECHT. It runs to about—

Mr. MATTHEWS. I think you said \$150,000 a year.

Mr. RECHT. Yes.

Mr. MATTHEWS. Since what time?

Mr. RECHT. The last 5 years, I would say.

Mr. MATTHEWS. For the last 5 years?

Mr. RECHT. Yes.

Mr. MATTHEWS. Prior to that time was it larger?

Mr. RECHT. Less.

Mr. MATTHEWS. Since 1922, would you say it has been—well, what would you say it has been on an average since 1922?

Mr. RECHT. I could not tell you. Are you referring to inheritance?

Mr. MATTHEWS. Inheritance and insurance.

Mr. RECHT. It probably runs to about \$2,000,000.

Mr. MATTHEWS. \$2,000,000 total?

Mr. RECHT. Yes; since 1922.

Mr. MATTHEWS. A total of \$2,000,000?

Mr. RECHT. A little over, probably. I have never computed it.

Mr. MATTHEWS. Were you provided in any of these cases with a power of attorney signed by the individuals?

Mr. RECHT. In every case, under court rules, we have to file a power of attorney.

Mr. MATTHEWS. And those powers of attorney were provided also by Iniurcollegia?

Mr. RECHT. That is correct.

Mr. MATTHEWS. But signed by the claimants?

Mr. RECHT. That is right.

Mr. MATTHEWS. Have you ever made any financial contributions to the Communist Party of the United States?

Mr. RECHT. No.

Mr. MATTHEWS. How many attorneys have you on your staff in your office at 10 East Fortieth Street?

Mr. RECHT. Four.

Mr. MATTHEWS. Are they listed as your partners?

Mr. RECHT. No; they work for me or are my associates.

Mr. MATTHEWS. Could you give me some idea of their aggregate salaries?

Mr. RECHT. My overhead is approximately \$20,000 a year.

Mr. MATTHEWS. That is the overhead of the entire office?

Mr. RECHT. Yes.

Mr. MATTHEWS. Are these employees to your knowledge members of the Communist Party of the United States?

Mr. RECHT. I do not believe so. I am almost sure they are not.

Mr. MATTHEWS. Have you ever been designated as an official agent of the Soviet Government in the United States?

Mr. RECHT. Yes; for 1 year, from 1920 to 1921, to wind up the affairs of Mr. Martens.

Mr. MATTHEWS. Have you ever been at any other time so designated?

Mr. RECHT. No.

Mr. MATTHEWS. Are you registered with the State Department as an agent of a foreign principal?

Mr. RECHT. At that time I registered.

Mr. MATTHEWS. Are you now registered with the State Department as the agent of a foreign principal?

Mr. RECHT. No; I am not an agent of any foreign principal.

Mr. MATTHEWS. Will you please identify Alexander Rosenchein?

Mr. RECHT. Mr. Alexander Rosenchein was the president of what was then called Credit Bureau, now Iniurcollegia. The Iniurcollegia was first called the Credit Bureau.

Mr. MATTHEWS. When was the name changed from Credit Bureau to Iniurcollegia?

Mr. RECHT. In 1935 or 1936, I am not sure.

Mr. MATTHEWS. From 1922 until 1935 or 1936, Iniurcollegia was known as the Credit Bureau?

Mr. RECHT. That is right.

Mr. MATTHEWS. And what connection did Mr. Alexander Rosenchein have with the Credit Bureau?

Mr. RECHT. He was first president of it. Later I believe he became president of the Russian-Polish trade delegation, and then came here to this country and became vice president of the Amtorg Trading Corporation.

Mr. MATTHEWS. He became vice president of the Amtorg Trading Corporation?

Mr. RECHT. That is right.

Mr. MATTHEWS. In what year?

Mr. RECHT. I do not recall.

Mr. MATTHEWS. Recently?

Mr. RECHT. It might have been 1931 or 1932, I am not certain of the dates.

Mr. MATTHEWS. Is it correct that you have had some considerable correspondence with Mr. Rosenschein?

Mr. RECHT. Oh, yes.

Mr. MATTHEWS. Do you know what his official position at the present time is?

Mr. RECHT. I do not know.

Mr. MATTHEWS. Do you know where he is?

Mr. RECHT. I do not know.

Mr. MATTHEWS. When did you last hear of Mr. Rosenschein?

Mr. RECHT. I think when I was on the short trip around the world, I am not sure: he was engaged in construction work of a canal on the Volga River, and knowing that I was in Moscow he took an automobile trip and I had lunch with him.

Mr. MATTHEWS. That was in 1936?

Mr. RECHT. I think so.

Mr. MATTHEWS. You met him on the Volga?

Mr. RECHT. No; I did not meet him on the Volga.

Mr. MATTHEWS. He was in charge of construction of a canal on the Volga?

Mr. RECHT. Yes. He came to Moscow to have lunch with me, just for a few minutes.

Mr. MATTHEWS. Did you have any personal contact with him prior to that time?

Mr. RECHT. Yes.

Mr. MATTHEWS. Or was it a matter of correspondence?

Mr. RECHT. Well, he was president of this lawyers' association. He was a lawyer, and as president I had contacts with him.

Mr. MATTHEWS. Did he ever discharge any duties of a confidential nature for the Soviet Government in this country?

Mr. RECHT. I do not know.

Mr. MATTHEWS. Or in other countries to your knowledge?

Mr. RECHT. I mentioned as far as I know. I mentioned to you that I heard he was trade chairman of the Polish-Russian delegation and later became vice president of the Amtorg, and then I believe he was made head engineer—not engineer, but administrator, business administrator—of this Volga canal construction. That is what he told me. I did not take particular interest.

Mr. MATTHEWS. Did you ever have any reason for believing that Alexander Rosenschein was an agent of the Gay-Pay-Oo?

Mr. RECHT. No.

Mr. MATTHEWS. Have you stated fully the nature of the business on which you were in China in 1936?

Mr. RECHT. Yes; very fully.

Mr. MATTHEWS. Did you ever know Zhukovitsky?

Mr. RECHT. Yes.

Mr. MATTHEWS. Was he ever employed in your office?

Mr. RECHT. He was not employed in my office. Mr. Zhukovitsky was a lawyer who was sent here by the Injurcollegia to assist as a Soviet lawyer in our office.

Mr. MATTHEWS. How long was he in your office?

Mr. RECHT. About a year, a year and a half.

Mr. MATTHEWS. Was he an American citizen?

Mr. RECHT. No.

Mr. MATTHEWS. He was sent here by Iniurcollegia?

Mr. RECHT. Yes.

Mr. MATTHEWS. When did he leave your office?

Mr. RECHT. He afterward became attached to the legal department of the Amtorg and worked half in our office and half in Amtorg. Later on he resigned and worked for the legal department of Amtorg entirely, and later became vice president of the Amtorg Trading Corporation.

Mr. MATTHEWS. Where is he now?

Mr. RECHT. He went back, about a month ago.

Mr. MATTHEWS. About a month ago?

Mr. RECHT. That is right.

Mr. MATTHEWS. Do you know what he is doing now, what appointment he has?

Mr. RECHT. No; after being here 7 years.

Mr. MATTHEWS. You mean he has gone back to the Soviet Union?

Mr. RECHT. He went back with his family to the Soviet Union.

Mr. MATTHEWS. And you say he was not on your pay roll?

Mr. RECHT. No.

Mr. MATTHEWS. But he worked in your office. When he was in your office, he was a representative of the Soviet Credit Bureau or the Iniurcollegia, or both?

Mr. RECHT. That was formerly the Credit Bureau; yes.

Mr. MATTHEWS. Under which name?

Mr. RECHT. First the Credit Bureau and later Iniurcollegia.

Mr. MATTHEWS. He was here in a period that overlapped the two names?

Mr. RECHT. When they changed the name.

Mr. MATTHEWS. And did you conduct any other business with Mr. Zhukovitsky than matters that had to do with claims of Soviet citizens transmitted to you through the Iniurcollegia or the Credit Bureau?

Mr. RECHT. No; not other than legal business. He made a speech before the Philadelphia Bar Association on Soviet law, and I helped to correct his English, if that is what you mean.

Mr. MATTHEWS. But no other business connections?

Mr. RECHT. No; purely legal. He was a lawyer. He was an expert on Soviet law.

Mr. MATTHEWS. Have you ever contributed financially to the Abraham Lincoln Brigade?

Mr. RECHT. No. I think I bought a couple of theater tickets and did not go.

Mr. MATTHEWS. Or to the Friends of the Abraham Lincoln Brigade?

Mr. RECHT. That is what it would be.

Mr. MATTHEWS. Did you ever contribute any money to the North American Committee to Aid Spanish Democracy?

Mr. RECHT. The same way. I get tickets, theater tickets, send the check and give the tickets away.

Mr. MATTHEWS. Have you ever contributed any funds to the organization which succeeded the North American Committee to Aid

Spanish Democracy, now known as the Spanish Refugee Relief Committee?

Mr. RECHT. I do not believe so. After Spain was finished, I lost interest, except that I adopted a child.

Mr. MATTHEWS. Was that for an organization known as the Foster Parents Plan?

Mr. RECHT. Yes. I sent the Quakers \$109 to adopt a little girl.

Mr. MATTHEWS. Have any parties been held in your home for these organizations?

Mr. RECHT. No. My home is my castle; I do not let anybody in there.

Mr. MATTHEWS. Would you be good enough to name your assistants, the attorneys in your office?

Mr. RECHT. Yes. Mr. David Drucker, Mr. Hyman Oppenheim, Mr. Isidore Kantrowitz, and Mr. Serge Jarvis.

Mr. MATTHEWS. How many other employees are there in your office doing secretarial work?

Mr. RECHT. Only two.

Mr. MATTHEWS. Are they stenographers?

Mr. RECHT. That is right.

Mr. MATTHEWS. Will you please give their names?

Mr. RECHT. Miss Margolies and Miss Schechtman.

Mr. MATTHEWS. Do you have their first names?

Mr. RECHT. I think Miss Margolies' first name is Sonia; I am not sure; and Miss Schechtman's first name I think is Ann.

Mr. MATTHEWS. Mr. Chairman, that concludes the questions.

Mr. STARNES. Does any gentleman of the committee have any questions to ask?

Mr. RECHT. did I understand you to say a moment ago that you were a native of Czechoslovakia?

Mr. RECHT. That is correct.

Mr. STARNES. When were you born?

Mr. RECHT. 1887.

Mr. STARNES. What year did you come to America?

Mr. RECHT. I was 13 years old.

Mr. STARNES. You have remained here ever since, continuously?

Mr. RECHT. Ever since.

Mr. STARNES. You are a naturalized citizen?

Mr. RECHT. That is right.

Mr. STARNES. That concludes the examination of the witness.

Mr. RECHT. Thank you, gentlemen.

Mr. STARNES. The committee will recess until 10 o'clock tomorrow morning.

(Whereupon a recess was taken until 10 o'clock tomorrow, Saturday, September 23, 1939.)

INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

SATURDAY, SEPTEMBER 23, 1939

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE
UN-AMERICAN ACTIVITIES,
Washington, D. C.

The committee met at 10 a. m., in the caucus room, House Office Building, Hon. Martin Dies (chairman) presiding.

Present: Messrs. Dies, Starnes, Casey, Dempsey, Mason, and Thomas.

Also present: Mr. Rhea Whitley, counsel to the committee; J. B. Matthews, director of research.

The CHAIRMAN. The committee will come to order, please.

Our first witness is Dr. Dubrowsky.

TESTIMONY OF D. H. DUBROWSKY

(The witness was sworn by the chairman.)

The CHAIRMAN. Doctor, I wish you would speak distinctly, slowly, and as loud as possible, because it is going to be rather difficult to hear anyway in this room and we want to get your testimony.

Will you tell us your full name?

Mr. DUBROWSKY. D. H. Dubrowsky.

The CHAIRMAN. How do you spell it?

Mr. DUBROWSKY. D-u-b-r-o-w-s-k-y.

The CHAIRMAN. What is your first name?

Mr. DUBROWSKY. D. H.

The CHAIRMAN. The initials are D. H.?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. And your address?

Mr. DUBROWSKY. 400 East Fifty-eighth Street, New York.

The CHAIRMAN. New York City?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. All right, Mr. Whitley.

Mr. WHITLEY. How old are you?

Mr. DUBROWSKY. Fifty-one.

Mr. WHITLEY. When did you first come to the United States?

Mr. DUBROWSKY. In 1905.

Mr. WHITLEY. Why did you leave Russia at that time?

Mr. DUBROWSKY. I was a political exile.

Mr. WHITLEY. As a result of your political activities?

Mr. DUBROWSKY. I was in the first revolution—in 1905.

Mr. WHITLEY. You participated in the first revolution?

Mr. DUBROWSKY. Yes; and I had to escape.

The CHAIRMAN. He was born in Russia?

Mr. DUBROWSKY. I was.

The CHAIRMAN. What part of Russia?

Mr. DUBROWSKY. Kiev, Ukraine.

The CHAIRMAN. You lived there continuously up until 1905?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. You were in the revolution at that time?

Mr. DUBROWSKY. I was.

The CHAIRMAN. Were on the side of the revolutionists?

Mr. DUBROWSKY. I was a member of the Socialist Democratic Party.

The CHAIRMAN. Member of the Socialist Democratic Party?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. And you were required to leave?

Mr. DUBROWSKY. After that revolution.

Mr. WHITLEY. Are you a citizen of the United States, Doctor?

Mr. DUBROWSKY. I am.

Mr. WHITLEY. When and where were you naturalized?

Mr. DUBROWSKY. I was naturalized in 1917 in the county of New York, New York City Supreme Court of New York County.

Mr. WHITLEY. After coming to the United States, Doctor, did you have any political affiliations here?

Mr. DUBROWSKY. I joined the Socialist Party.

Mr. WHITLEY. Shortly after your arrival?

Mr. DUBROWSKY. Shortly after my arrival.

Mr. WHITLEY. Were you active in that party for a number of years?

Mr. DUBROWSKY. For a number of years.

Mr. WHITLEY. Did you maintain your interest in the political developments in Russia?

Mr. DUBROWSKY. I did.

Mr. WHITLEY. And did you maintain close connections with friends and political associates in Russia?

Mr. DUBROWSKY. I did over these years.

Mr. WHITLEY. Who were some of these associates, Doctor, back in the early days?

Mr. DUBROWSKY. Some are still prominent and some are quite dormant.

Leon Trotsky was one.

Mr. WHITLEY. I see.

Mr. DUBROWSKY. I knew him well when he was publishing the democratic newspaper Nova Mier.

Nicholas Bukharin, Leo Deutch, Gregory Weinstein who later occupied a position in the foreign office as director to the American department in Moscow.

Mr. WHITLEY. Those are just a few.

Mr. DUBROWSKY. The Nuerteva.

Mr. WHITLEY. Those are just some of the active leaders?

Mr. DUBROWSKY. Ludwig Mertens.

Mr. WHITLEY. Doctor, you will give us some of the more recent leaders a little later on?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Were you in sympathy with the Bolsheviki revolution?

Mr. DUBROWSKY. Quite naturally I was.

Mr. WHITLEY. When the left, or radical, branch of the Socialist Party in the United States in 1919 broke away from the party and formed the Communist Party of the United States did you take part in that break and become a member of the Communist Party?

Mr. DUBROWSKY. I did become a member of the Communist Party.

Mr. WHITLEY. At that time?

Mr. DUBROWSKY. At that time.

Mr. WHITLEY. Do you have your membership card?

Mr. DUBROWSKY. I have my membership cards.

Mr. WHITLEY. Will you describe—identify them for the committee, please?

Mr. DUBROWSKY. At that time the party was in disrepute and was an underground organization, and for that reason I have joined under a pseudonym. My name at that time was Ivanoff.

Mr. WHITLEY. Will you spell it?

Mr. DUBROWSKY. I-v-a-n-o-f-f.

Mr. WHITLEY. That was the alias you joined the party under?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. What was the date of that book, that membership book?

Mr. DUBROWSKY. That membership book is dated January 1922.

Mr. WHITLEY. 1922.

(The membership book dated January 1922 was identified as "Dubrowsky Exhibit No. 1.")

Do you have any other membership cards or credentials?

Mr. DUBROWSKY. Yes. Later on when the party became a legal entity, or later when the Workers Party was organized, the Workers Party was the legal angle of the party and was controlled completely and fully by the underground Communist Party, the illegal party.

Mr. WHITLEY. In other words, you had two party membership books?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. One in the legal party operating above ground and the second in the underground party.

Mr. DUBROWSKY. Quite right. The legal party I have joined under my own name.

Mr. WHITLEY. Then you were a member of the legal and the illegal party?

Mr. DUBROWSKY. Of the illegal party under a different name.

Mr. WHITLEY. Under a different name?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. The legal party under your right name and the underground party under an alias.

Mr. DUBROWSKY. Under an assumed name.

Mr. THOMAS. What is the date of the second card?

Mr. DUBROWSKY. This one is dated 1924.

(The membership book dated 1924 was identified as "Dubrowsky Exhibit No. 2.")

Mr. WHITLEY. Doctor, after the Communist Party, the left wing of the Socialist Party was formed into the Communist Party of the United States and you became a member here, did you continue to be an active member of the Communist Party?

Mr. DUBROWSKY. No. By that time I had officially joined the representatives of the Soviet Government in the United States, and as such I could not actively participate in any party organization.

Mr. WHITLEY. In other words, after you became an official representative of the Soviet Government in the United States you had to cease, you could not participate actively?

Mr. DUBROWSKY. In party activities.

Mr. WHITLEY. That was in order to divorce the Soviet Government from such activities from the party?

Mr. DUBROWSKY. That is correct.

Mr. WHITLEY. That did not, of course, change your feelings?

Mr. DUBROWSKY. It did not.

Mr. WHITLEY. Or sympathy with the movement?

Mr. DUBROWSKY. It did not.

The CHAIRMAN. He did not cease to be a member; he ceased to be active; is that correct?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. Your activities were soft pedaled?

Mr. DUBROWSKY. It was soft pedaled.

Mr. WHITLEY. Now, Doctor, what offices have you held with the Soviet Government?

Mr. DUBROWSKY. I have them listed here.

I was secretary of the so-called Soviet Embassy when Ludwig Mertens was appointed Ambassador to the United States.

I have here a certificate filed by Ludwig Mertens dated the 29th of May 1920.

Mr. WHITLEY. I see.

Mr. DUBROWSKY. Here is the certificate.

Mr. WHITLEY. Showing you were appointed secretary of the so-called Soviet Embassy?

Mr. DUBROWSKY. That is right.

Mr. STARNES. You had better have that identified also as an exhibit, had you not?

Mr. WHITLEY. Yes. Will you make the identification in the record, Mr. Reporter?

The CHAIRMAN. The membership cards have been identified as exhibits 1 and 2 and the certificate will be identified as exhibit No. 3.

(The certificate of appointment as secretary, dated May 29, 1920, was identified as "Dubrowsky Exhibit No. 3.")

Mr. WHITLEY. What other official positions other than being the secretary to the Embassy, or secretary to Ludwig C. Mertens, who was unofficial Ambassador, what other positions have you held with the Soviet Government, Doctor?

Mr. LUDWIG. On my first visit to Moscow after the revolution in 1920, I was appointed a representative for the purpose of helping the civil war or pogrom victims, and those victims could be counted in hundreds of thousands throughout the whole length and breadth of the Soviet Republic, especially in the south.

The CHAIRMAN. I did not understand that.

Mr. WHITLEY. He was appointed by the Soviet Government to the committee—

Mr. DUBROWSKY (interposing). As a representative of the committee. The committee appointed—may I point out—the committee

appointed by the Central Executive Committee of the party and consisted of Communist Party members only and exclusively.

Mr. WHITLEY. Yes.

The CHAIRMAN. What was that committee?

Mr. WHITLEY. It was to aid these refugees of the civil war—victims of the civil war in Russia; a committee was appointed by the Central Committee of the Communist Party in Russia—

Mr. DUBROWSKY (interposing). May I explain that?

The CHAIRMAN. What date was that?

Mr. DUBROWSKY. May I explain that?

The CHAIRMAN. Yes.

Mr. DUBROWSKY. As a result of the civil war, during the civil war, hundreds of villages and towns have been practically razed; the population has been mutilated, killed, and starved, leaving victims of death and disaster after the civil war in pogroms numbering hundreds of thousands who were left absolutely destitute, without any succor.

I was appointed a representative in the United States and Canada for the purpose of raising funds to help rehabilitate the victims in the civil war.

The CHAIRMAN. Now, what year was that?

Mr. DUBROWSKY. That was in 1921.

The CHAIRMAN. 1921?

Mr. DUBROWSKY. 1920—I beg your pardon.

The CHAIRMAN. 1920?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. You were appointed by the Central Committee of the Communist Party?

Mr. DUBROWSKY. No; the Central Committee appointed the committee as constituting a committee on relief. That committee consisted naturally of Communist Party members; no others could be appointed.

The CHAIRMAN. And they, in turn—

Mr. DUBROWSKY (interposing). In turn that committee appointed me in the United States.

The CHAIRMAN. To raise funds?

Mr. DUBROWSKY. For the purpose of raising funds to help the victims.

The CHAIRMAN. I understand. All right, Mr. Whitley.

Mr. WHITLEY. Doctor, you will explain the funds raised after you have completed your identification.

Mr. DUBROWSKY. I will.

The CHAIRMAN. Did that cover South America, or was that just in North America?

Mr. DUBROWSKY. It covered the United States, Canada, and South America.

The CHAIRMAN. Both continents?

Mr. DUBROWSKY. The continents of North and South America.

The CHAIRMAN. You were representatives, official representatives for all that section?

Mr. DUBROWSKY. For all that section.

The CHAIRMAN. All right.

Mr. WHITLEY. What other official positions have you held with the Soviet Government, Doctor? Incidentally—

Mr. DUBROWSKY (interposing). On the 28th of October 1921 I was appointed representative in the United States of the Russian Red

Cross, an affiliate of the International Red Cross with headquarters at Geneva.

Mr. WHITLEY. Do you have your appointment?

Mr. DUBROWSKY. The certificate of appointment is right here.

The CHAIRMAN. That will also be identified.

(The certificate of appointment as Russian Red Cross representative, dated October 28, 1921, was identified as "Dubrowsky Exhibit No. 4.")

Mr. WHITLEY. What other official position?

Mr. DUBROWSKY. On November 25 of the same year, 1921, I was appointed representative in the United States, Mexico, and Canada, and later on it was extended to the North and South American Continents.

Mr. WHITLEY. Do you have that appointment?

Mr. DUBROWSKY. I have the appointment.

Mr. WHITLEY. The original appointment?

Mr. DUBROWSKY. This is a photostat. I have the original if you want it.

Mr. WHITLEY. Yes.

(The appointment of November 25, 1921, was identified as "Dubrowsky Exhibit No. 5.")

Any other official connections with the Government over there, Doctor?

Mr. DUBROWSKY. Yes. I was appointed also representative of the Georgian Red Cross, of the Armenian Red Cross, of the White Russian Red Cross. As a matter of fact, of all the Republics of the U. S. S. R., to represent in the United States, primary to represent all of the constituent Republics of the U. S. S. R.

That certificate was issued and signed by Enukidze. He, by the way, was shot.

Mr. WHITLEY. What was the date of that certificate?

Mr. DUBROWSKY. The date of this certificate is the 14th of December 1930.

Mr. MASON. You said 1920 or 1930?

Mr. DUBROWSKY. 1930.

(The certificate dated December 14, 1930, was identified as "Dubrowsky Exhibit No. 6.")

Mr. WHITLEY. Any other official connection?

Mr. DUBROWSKY. I have also a certificate issued by the Embassy of the U. S. S. R., dated December 14, 1934, after recognition, certified by the State Department of the United States, that I am an agent, and accredited agent and representative of the Union of Red Crosses of the U. S. S. R., indicating all constituent republics.

(The certificate of appointment dated December 14, 1934, was identified as "Dubrowsky Exhibit No. 7.")

Mr. WHITLEY. All these appointments were for you to function in the United States as the agent of the Soviet Government?

Mr. DUBROWSKY. Quite right.

Mr. WHITLEY. Any other positions, Doctor?

Mr. DUBROWSKY. Yes; I was also appointed, in 1924, by the High Commission of the Fridtjof Nansen for the relief of Russian starving, famine, which was created by the League of Nations. I was the representative of that committee in the United States.

Mr. WHITLEY. In connection with that commitment or appointment, Doctor, were you representing the particular country or the League of Nations as such?

Mr. DUBROWSKY. No; I was representing only Russia.

Mr. WHITLEY. Only Russia?

Mr. DUBROWSKY. It was limited so far as Russia was concerned.

Mr. WHITLEY. You were appointed by the League of Nations committee?

Mr. DUBROWSKY. That committee had been specifically organized for the relief of Russian famine sufferers.

Mr. WHITLEY. I see.

Mr. DUBROWSKY. At that time there were no famines in capitalist countries.

Mr. WHITLEY. Any other official positions held by you on behalf of the Soviet Government, Doctor?

Mr. DUBROWSKY. Yes. I have an appointment of November 17, 1923, showing I was appointed representative in the United States and Canada of the Proletkino, a motion-picture industry—

Mr. WHITLEY (interposing). The Russian motion-picture industry?

Mr. DUBROWSKY. It is one.

Mr. WHITLEY. It is one of them?

Mr. DUBROWSKY. One of the few controlled exclusively by the Communist Party.

Mr. WHITLEY. I see. And as representative of that organization in the United States you had, or your position had to do with bringing films in?

Mr. DUBROWSKY. With bringing films in and exploiting them.

Mr. WHITLEY. And exploiting them?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. And you will detail the manner in which that was done later on?

Mr. DUBROWSKY. I will go into that further.

Mr. WHITLEY. Any other official connection?

Mr. DUBROWSKY. Yes. I was representative of the Central Executive Committee for relief of the famine which was headed by Leo Kamenev.

Mr. MATTHEWS. He was also shot, by the way.

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Shot by whom and for what reason?

Mr. DUBROWSKY. He was accused of being a German agent and communicating with Hitler.

Mr. MATTHEWS. He was shot by whom?

Mr. DUBROWSKY. Shot by Stalin. All the shooting is done by that fellow.

Mr. WHITLEY. And what was the nature of that commission?

Mr. DUBROWSKY. The nature of that commission was rather manifold. Originally it was started as the commission organized by the Russian Senate to procure funds and material relief for victims of the Russian famine. Later on it created a sort of agency for the same purpose. In other words, that was at the time when they realized that as famines go on they can become a racket.

Mr. WHITLEY. In other words they were selling at exorbitant prices as the result of the famine?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. And you were appointed a representative here?

Mr. DUBROWSKY. I was appointed American representative, that is right. Of this committee which was the Vtzik Committee was organized and established by the Senate of the Soviet Union.

Mr. WHITLEY. I see.

Mr. DUBROWSKY. And I was appointed the representative.

Mr. WHITLEY. Do you have the original document showing that appointment?

Mr. DUBROWSKY. I have the original document to that.

Mr. WHITLEY. Any other official positions, Doctor?

Mr. DUBROWSKY. I think there are some more. I was also appointed, in 1924—rather 1925—by a subcommittee of the Vtzik to take care of the artists traveling abroad and collect a certain percentage from them.

Mr. WHITLEY. In other words, you represented the artists in this country for the purpose of collecting a certain percentage of their salaries?

Mr. DUBROWSKY. To make it as brief as possible, no Russian artist, no matter what his standing or no group of artists could leave Russia to go abroad unless they signed an agreement with this committee obligating themselves to pay 10 percent of their earnings, to this committee, supposedly for famine relief.

Mr. WHITLEY. Supposedly for famine relief?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. And you were the representative in the United States?

Mr. DUBROWSKY. I was the representative in the United States.

Mr. WHITLEY. To collect that 10 percent?

Mr. DUBROWSKY. And that is how I happened to have had to take charge of the Moscow artists when they came to America aided by Stanislavsky.

Mr. WHITLEY. Any other connections, Doctor?

Mr. DUBROWSKY. I have another certificate issued to me, but which I think was misplaced, of which certificate I referred to a little while ago.

There are other official connections but I do not believe they are of importance. I can recall none offhand. I do not believe the credentials are here but I have them somewhere, that is, in connection with the shipment of commodities to individuals in Russia. I have succeeded, in 1924, in inducing Russia to give the promise. It was stopped shortly after with the exception of the first 2 months of transmission of individual shipments for which dollars were paid here because the Russian stores could not handle the goods.

Mr. WHITLEY. I see.

Mr. DUBROWSKY. And it was stopped.

Mr. WHITLEY. The various official connections you have described cover a period, from about 1920 to 1935?

Mr. DUBROWSKY. They cover a period from 1919 to 1935.

Mr. WHITLEY. Up to 1935?

Mr. DUBROWSKY. Yes; a period of 16 years.

Mr. WHITLEY. During that period of 16 years you have—

Mr. DUBROWSKY (interposing). I have been an active agent of the Soviet Government in the United States, Canada, Mexico, and South America.

Mr. WHITLEY. In various capacities?

Mr. DUBROWSKY. In the various capacities that I have indicated, one of which, by the way, I held until 4 years ago, that of the Red Cross.

Mr. WHITLEY. Now, Doctor, during that period, did you occupy any close touch with the officials of the Soviet Government; during that period of 16 years, did you maintain close contact with the officials of the Soviet Government?

Mr. DUBROWSKY. I quite naturally had to maintain close contact all those years.

Mr. WHITLEY. By correspondence and by means of——

Mr. DUBROWSKY. Correspondence and visits to the Soviet Union.

Mr. WHITLEY. Frequent correspondence?

Mr. DUBROWSKY. And visits to the Soviet Union.

Mr. WHITLEY. Doctor, during that period, who are some of the officials of the Soviet Government you came in contact with and knew and collaborated with? Incidentally, were you acquainted with Valdimir Nikolai Lenin?

Mr. DUBROWSKY. Yes; I knew Valdimir Lenin.

Mr. WHITLEY. You knew him personally?

Mr. DUBROWSKY. I knew him personally. I knew most of the founders of the Soviet Republic personally.

Mr. WHITLEY. Were you personally acquainted with Kamenev—Leo Kamenev?

Mr. DUBROWSKY. Leo Kamenev, who was the Vice Premier; he was the right hand of Lenin at one time. I knew him very well; he was one of my chiefs in the——

Mr. WHITLEY. What happened to him, Doctor?

Mr. DUBROWSKY. Oh, he was shot.

Mr. WHITLEY. He was shot?

Mr. DUBROWSKY. He was shot.

Mr. CASEY. Who was he shot by?

Mr. DUBROWSKY. Of course, by Joe Stalin.

Mr. WHITLEY. Were you personally acquainted with Josef Stalin?

Mr. DUBROWSKY. Yes; he was my chief at one time, but he did not shoot me.

Mr. WHITLEY. He did not shoot you?

Mr. DUBROWSKY. No.

Mr. WHITLEY. You have already stated you were well acquainted with Trotsky?

Mr. DUBROWSKY. I was.

Mr. WHITLEY. What about Nicholas Bukharin?

Mr. DUBROWSKY. I knew Nicholas Bukharin for years.

Mr. WHITLEY. What official positions did he occupy?

Mr. DUBROWSKY. He occupied two very important positions in Russia. He was the general secretary of the Communist International at one time, and he was the editor of the official Communist newspaper, Pravda. This, I believe, from the party point of view, is the most prominent position one individual could occupy in the Soviet Union.

Mr. WHITLEY. What happened to Bukharin, Doctor?

Mr. DUBROWSKY. Shot.

Mr. WHITLEY. He was shot?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Were you acquainted with Leonid Krassin?

Mr. DUBROWSKY. Leonid Krassin—I knew him since 1920. I met him.

Mr. WHITLEY. And what official positions did he occupy in the Soviet Government?

Mr. DUBROWSKY. Leonid Krassin was the original Commissar of Foreign Trade, a member of the first original cabinet created by Lenin. He was later trade delegate, or chairman, in 1921, and he was the one who signed a trade agreement with Lloyd George—in 1920; I beg your pardon; in 1920. Then he was appointed Ambassador to France and was Ambassador also to Great Britain.

Mr. WHITLEY. You were well acquainted with him?

Mr. DUBROWSKY. I was well acquainted with him.

Mr. WHITLEY. During this period?

Mr. DUBROWSKY. During this period.

Mr. WHITLEY. Were you acquainted with Christian Rakovsky?

Mr. DUBROWSKY. I was well acquainted with Rakovsky.

Mr. WHITLEY. And what official positions did he occupy with the Soviet Government?

Mr. DUBROWSKY. He was Prime Minister to the Ukraine Soviet Republic. He was a Rumanian by birth.

Mr. WHITLEY. What happened to him, Doctor?

Mr. DUBROWSKY. Well, he was elevated to be Ambassador to France and England, then he was given 25 years of hard labor.

Mr. WHITLEY. In Siberia?

Mr. DUBROWSKY. Oh, yes; I don't know whether he is yet alive; they usually shoot them there.

Mr. WHITLEY. Was that during the regime of Josef Stalin?

Mr. DUBROWSKY. Of course, Joe did that.

Mr. CASEY. Why did he do that?

Mr. DUBROWSKY. They all had to confess either to being Nazi spies or Japanese spies, and they usually confess. It is hard to explain to one, but as you sit in the famous Lugunka, after about a month or two while they work on you, they usually confess.

Mr. CASEY. Do you mean they deal out something worse than death to make them confess?

Mr. DUBROWSKY. The bargain is usually confession or death; you bargain with them, "If I confess, will you shoot me?"

Mr. CASEY. That is preferable?

Mr. DUBROWSKY. Oh, yes; much preferable.

Mr. WHITLEY. Were you acquainted with Nicholas Krestinsky?

Mr. DUBROWSKY. I knew Mr. Krestinsky while he was Commissar of Finance and Ambassador to Berlin. He was also the predecessor of Josef Stalin as general executive secretary of the Communist Party.

Mr. WHITLEY. In other words, at the time you knew him, he occupied the position which Stalin occupies at the present time?

Mr. DUBROWSKY. That is quite right.

Mr. WHITLEY. What happened to him?

Mr. DUBROWSKY. He was shot.

Mr. WHITLEY. He was shot?

Mr. DUBROWSKY. Shot.

Mr. WHITLEY. That is after Stalin came into power?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Were you acquainted with Gregory Zinoviev?

Mr. DUBROWSKY. Yes; I knew the gentleman—if you may call him that.

Mr. WHITLEY. What positions did he occupy with the Soviet Government?

Mr. DUBROWSKY. When I first met Zinoviev, that was during my first trip to Moscow when it was blockaded, in the early part of 1920. I met him in Petrograd. He was the chairman of that region. That is an all-powerful position; he is the czar; he is the almighty.

Mr. WHITLEY. Of that section?

Mr. DUBROWSKY. Of that section. And by way of illustration of the mood of the individual, I once was having dinner in his apartment and a former classmate of mine, a Russian classmate, not American, Bill Shatov, who was quite prominent at one time, was at that time in charge of the OGPU—at that time it was not called the OGPU, it was the Cheka or Retcheka, the committee of the—well, it is the secret police department, anyway, with extraordinary powers—and the Honorable Mr. Shatov brought a list. It was right after the General Yudenitch affair.

Mr. WHITLEY. About what date?

Mr. DUBROWSKY. That was in May 1920—after he was beaten off, possibly 6 or 7 days, and came into Leningrad, or Petrograd at that time it was still called, because Lenin was alive—and that evening Mr. Shatov brought a list of names containing about 130 people that were to be executed that night as counter-revolutionaries. Our friend Mr. Zinoviev, with a squeaky, unpleasant voice, asked, "Is it too much to read; it is all right to sign it?" "Yes." And he signed it and they were executed that night. So that I had no particular anxiety when I heard that Joe shot him.

Mr. WHITLEY. That is, later Zinoviev himself was shot?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. And, as I understand it, while you were having dinner with Zinoviev, they brought in a list of one hundred and thirty odd—

Mr. DUBROWSKY (interposing). Individuals.

Mr. WHITLEY. Names for a blanket execution, for him to approve, and he signed it without reading it?

Mr. DUBROWSKY. Oh, he signed it; it was too much trouble to read.

Mr. WHITLEY. Did he make any comment?

Mr. DUBROWSKY. Oh, yes.

Mr. WHITLEY. It was too much trouble to read it, but he signed it?

Mr. DUBROWSKY. It was too much trouble to read, but he signed it.

Mr. CASEY. It did not interfere with his appetite?

Mr. DUBROWSKY. It did not, at all. He was quite used to that sort of thing. Thousands were being executed in those days, and the names were not asked.

Mr. WHITLEY. Were you acquainted with Leonid Serebryakov?

Mr. DUBROWSKY. Yes; I was.

Mr. WHITLEY. What positions did he occupy in the Soviet Government?

Mr. DUBROWSKY. Mr. Serebryakov occupied a position similar to the one which is held by Krassin now. He was general executive secretary of the Communist Party.

Mr. WHITLEY. You mean which is held by Stalin now?

Mr. DUBROWSKY. Which is held by Stalin now; yes. He was the most trusted individual, and the most friendly to Vladimir Lenin.

Mr. WHITLEY. In other words, Serebryakov occupied the same position that Stalin occupies now?

Mr. DUBROWSKY. That Stalin occupies now.

Mr. WHITLEY. And you knew him personally?

Mr. DUBROWSKY. I knew him personally very well. Then, when the Trotsky affair took place, he was accused of taking sides or, rather, of sympathizing with Trotsky, and was exiled to the United States—given a position as vice president of Amtorg. Now the man was as far removed from the activities of Amtorg as we are from China at the present moment. He did not speak a word of English. He was an extraordinarily able and gifted man from the bottom.

I remember when actual trouble started in Russia and the Soviet, that Stalin had definitely set out to exterminate every possible opposition to him, I spent a considerable part of the night before he sailed to Russia; I tried to induce Mr. Serebryakov, or Comrade Serebryakov, not to go. I felt he was going to be shot. But, you know, it is sometimes curious that the Russian fatalistic attitude to life is similar to the Chinese or Asiatics. He says, "I know I am going to die, but I will go just the same."

Mr. WHITLEY. And did he go?

Mr. DUBROWSKY. And he went and he was shot.

Mr. WHITLEY. And he was shot?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Were you personally acquainted or associated with Maxim Litvinoff, formerly foreign minister?

Mr. DUBROWSKY. Yes; I knew Maxim Litvinoff—oh, for the last 18 years.

Mr. WHITLEY. You knew him well?

Mr. DUBROWSKY. I knew him. I used to meet him quite often.

Mr. WHITLEY. Have you seen him and associated with him in Russia?

Mr. DUBROWSKY. I have seen him quite often in Moscow. Every time I went to Moscow, I used to come out to see Litvinoff.

Mr. WHITLEY. Have you associated with him in the United States, or seen him here?

Mr. DUBROWSKY. Well, I have not exactly associated with him, but I have met Mr. Litvinoff; the day recognition was granted by the present administration—in good faith, of course—I happened to have been in Washington that day and three of us—Skvirsky, who was the unofficial representative of the foreign office in the United States, and after he ceased to be representative of the far eastern republic in 1922, he continually resided in the United States until his recall, I believe, 2 years ago; and Bogdanov, who was the chairman of the board of directors of the Amtorg—we anxiously were awaiting the arrival of Litvinoff from the White House.

Mr. WHITLEY. The three of you were waiting to get a report from him as to the result of his conference on recognition?

Mr. DUBROWSKY. That is right. The recognition was practically granted, but some details had to be ironed out. I believe that was one of the last conferences that was had at the State Department and White House. Litvinoff came in all smiles and stated and said "Well, it is all in the bag; we have it." But I want to make this remark, with a view of illustrating not the point of view of Litvinoff, but

it is the tendency of every Soviet official of high standing, the tendency of the Soviet Government, if there were a few drawbacks. Smiling and rubbing his hands, "Well," he says, "they wanted us to recognize the debts that we owed them and I promised we were going to negotiate."

MR. THOMAS. Who was he referring to then?

MR. DUBROWSKY. By "they" he evidently meant the State Department and all the officials they dealt with in negotiating the debts due to the United States from Russia, or the previous Russia. He says "Well, I promised them we were going to negotiate, but they did not know we were going to negotiate until doomsday." That is no reflection on the State Department. The State Department naturally took it all in good faith that by "negotiation" they meant the promise was to negotiate and arrive at some decision.

MR. THOMAS. And what was the statement he made to you?

MR. DUBROWSKY. "We are going to negotiate until doomsday," but the implication was there they would negotiate and arrive at some decision. And then he said "The next one was a corker; they wanted me to give them freedom of religion."

MR. WHITLEY. In Russia?

MR. DUBROWSKY. Oh, yes; in Russia, and he said "And I gave it to them."

MR. MASON. Who was "they"?

MR. DUBROWSKY. That was evidently referring to President Roosevelt and the Secretary of State and all of the assistants that participated. He did not mention anyone in particular, but he referred to the conferences that were being held at that time. "Well," he said, "I was very much prompted to offer that I will collect all the Bibles and ship them out to them."

MR. WHITLEY. Was he amused at that?

MR. DUBROWSKY. He was very much amused at that, because that was the culmination, evidently, of the simplicity of American officialdom.

MR. WHITLEY. In other words, Doctor, part of the conditions, one of the conditions for recognition was that they would negotiate concerning the debt?

MR. DUBROWSKY. That is right.

MR. WHITLEY. And he promised to negotiate concerning the debt?

MR. DUBROWSKY. He promised to negotiate concerning the debt.

MR. WHITLEY. And when he came back later and related the story, he said "They don't know we are going to negotiate until doomsday"?

MR. DUBROWSKY. They did not know they would negotiate until doomsday.

MR. WHITLEY. And another thing was the Russian people would be given religious freedom, and he promised that to them?

MR. DUBROWSKY. He promised that to them.

MR. WHITLEY. And he said he was prompted to get all of the Bibles in Russia and ship them to them, if they wanted it?

MR. DUBROWSKY. He didn't say—he said "I was prompted to make that offer."

MR. WHITLEY. In other words, he was highly amused?

MR. DUBROWSKY. He was highly amused; yes.

MR. WHITLEY. Did he mention anything about the condition that the Soviet Government would not spread propaganda in this country—Communist propaganda?

Mr. DUBROWSKY. No; he didn't mention it at this time, but that was understood. You see, the general motive is that any promise given to a bourgeois state is not worth the paper it is written on; it is the bourgeois prejudice that you can do anything you please, and you are not obligated to fulfill an obligation made to a bourgeois state.

Mr. WHITLEY. So he was quite amused?

Mr. DUBROWSKY. Quite amused. Everyone is; it is not particularly Zinoviev, but that is the point of view that is generally taken.

Mr. WHITLEY. Were you acquainted with Mr. Troyanovsky, former Ambassador?

Mr. DUBROWSKY. Yes; I was acquainted with Mr. Troyanovsky.

Mr. WHITLEY. Were you well acquainted with him over a period of years?

Mr. DUBROWSKY. Not well acquainted, but I knew him.

Mr. WHITLEY. He was recently recalled?

Mr. DUBROWSKY. He was recalled, I believe, about a year or so ago.

Mr. WHITLEY. Do you know what happened to him?

Mr. DUBROWSKY. The rumors are he is residing in the Lugunka, and is one of the batch that will be tried and most likely shot. They will have to confess, you know.

Mr. WHITLEY. Doctor, why are you appearing here today as a witness?

Mr. DUBROWSKY. In connection with that, I should like, if I am permitted by the chairman, to make a statement of my own. With your permission, may I read it?

The CHAIRMAN. Yes; that is all right, Doctor. That is an explanation of why you are appearing before the committee?

Mr. DUBROWSKY. Why I am appearing as a witness. Before I give my testimony, as I said, I should like to make a statement.

The CHAIRMAN. All right, Doctor.

Mr. DUBROWSKY. I am only too glad to appear before this committee; indeed, I consider it both a privilege and a civic duty. Since I am going to be utterly frank, the motives of some of my testimony might be misconstrued. I should therefore like to make this much clear, that anything that I may say concerning the dealings between the American Government and the Soviet Government should not be construed as in any way my personal criticism of the Government of the United States.

As for my attitude toward the Soviet Government, I should like to say that during the first 7 or 8 years that I represented it as director of the Soviet Red Cross in the United States, I did so with the firm conviction that I was contributing my small share of effort toward building a better social order. But with the ascendancy of Stalin to absolute power, I began to wonder whether the new social order in Russia was of any benefit to the Russian people, or to the world at large. I therefore cut my party affiliation in 1924 or 1925: it was somewhere at that time.

After the assassination of Kirov in December 1934—who was occupying the position of chairman of the Northern Commune in Petrograd and who was the right-hand henchman of Joe Stalin—and the orgy of executions that followed at the direct behest of Stalin, it became clear to me beyond cavil, beyond any shadow of a doubt, that

Stalin had transformed what was once an idealistic movement into what might be best described as "political gangsterism."

I severed my connections with the Soviet Government the following month, in May of 1935, about 6 months after the wholesale executions.

Mr. CASEY. When was the recognition of the Russian Government by the United States?

Mr. DUBROWSKY. In 1933; in November 1933.

Subsequent developments have fully justified my judgment. Today, Stalinism is virtually indistinguishable from Hitlerism. Unwittingly, believing that I was serving a progressive and idealistic purpose, I helped to create this Frankenstein monster. I therefore deem it my plain duty, before the country of my adoption and before the whole world, to expose the machinations of the monstrous Stalinist machine and to do everything in my power to further its destruction.

Mr. WHITLEY. Doctor, have you ever previously testified before any committee or any group of any kind?

Mr. DUBROWSKY. I have never before testified anywhere, before anybody.

Mr. WHITLEY. Doctor, what was the first active service you performed for the newly formed Soviet Government, following the revolution over there?

Mr. DUBROWSKY. At that time a special committee was formed by a group of individuals in New York which assumed the prerogatives of a committee representing the Soviet Government unofficially. That committee, to the best of my recollection, consisted of Ludwig Martens, who was later appointed as ambassador, although never recognized; John Reed; Nuerteva, whom I mentioned before; Gregon Winestone, who at that time was editor of the *Novamier*, and myself.

Mr. WHITLEY. An unofficial committee?

Mr. DUBROWSKY. An unofficial committee.

Mr. WHITLEY. And what date was that?

Mr. DUBROWSKY. That was soon after the revolution. It must have been the early part of 1918. Russia at that time was completely blockaded; the so-called Cordon Sanitaire of Clemenceau was declared. It is a sanitary barrier around a certain place. I was delegated to function in establishing communication with the Soviet Government. The only means of establishing that in our position was through a certain man by the name of Vororosky, who was stationed in Stockholm, Sweden. Vororosky had some official standing with the Swedish Government and was being allowed to communicate with the Soviet Government while in Finland. I then organized means of communicating with the Soviet Government through Mr. Vororosky, and through agents and sailors traveling across the Atlantic.

Mr. WHITLEY. In other words, you established communication between this committee you have just described, and of which you were a member, and the Soviet Government?

Mr. DUBROWSKY. Yes, sir.

The CHAIRMAN. You say you did it through sailors?

Mr. DUBROWSKY. Yes, sir; we had sailors who would call on people in the United States.

The CHAIRMAN. Members of the Communist Party?

Mr. DUBROWSKY. The Communist Party was the Government of Russia, and still supposedly is.

The CHAIRMAN. Who were these sailors?

Mr. DUBROWSKY. Either Communists or the so-called fellow travelers, sympathizers, Socialists, and so forth, who sympathized with the Communist Government of Russia.

Mr. WHITLEY. They were used as couriers?

Mr. DUBROWSKY. Yes, sir; they were used as couriers. As a result of this communication, or the physical means we had established, one of the highest members, named Petersen, brought the credentials of Martens as Ambassador to the United States. They only miscalculated it—one slight mistake was that Martens officially and legally was not a Russian citizen. He was a German by birth, and never became a Russian citizen. That was a bone of contention in those days—that is, is he a Russian citizen or a German citizen; and, as such, can he be Ambassador from the Soviet Government? That misunderstanding was cleaned up or rectified. A certificate was sent to Martens. The result was that the Russian Government granted him citizenship when he came to the United States.

Mr. CASEY. They actually did that?

Mr. DUBROWSKY. Of course, it is an actual certificate in writing. It is simple. Now, the Embassy was short lived. If you will recall, the Lusk committee was organized and raided the Embassy. They were not exactly gentle. I remember they went in and demolished desks in their fury to get something but they made a clear job of it. They got all the documents. In short, Martens had to leave the United States. He was tried under an order of deportation from the Department of Labor. He left in January 1921. At that time I had already returned to the United States from Russia. I had an independent office because of our experience and the likelihood of being raided. So I segregated myself from the Embassy. The Embassy was on Fourteenth Street and my office was on Forty-second Street. The distance was not very far.

Mr. WHITLEY. That was the first activity that you were engaged in as a member of this committee?

Mr. DUBROWSKY. That was purely humanitarian. I had at that time organized all sorts of philanthropic organizations among Russians in the United States and Canada to carry shiploads of commodities to the victims of the civil war.

Mr. WHITLEY. That earliest activity was not as an official of the Soviet Government?

Mr. DUBROWSKY. No, sir; that was not I should say. Nominally of course it was a private organization but nothing in Russia is private. Everything is official.

Mr. WHITLEY. Also, that earlier activity that you have just described was before the Communist Party in this country was organized, was it not?

Mr. DUBROWSKY. The Communist Party was an underground organization. As for the Communist Party at that time, its very life dependent on that, and the Embassy had to send commodities and clothing. Then the Communist Party began to interfere at that time. They had placed in my office a special commissar by the name of Alexander Bittlemann, who I understand until the present time is a

member of the Central Executive Committee of the Communist Party of America, inasmuch as it is an American organization.

Mr. WHITLEY. Who placed him there?

Mr. DUBROWSKY. The Communist Party.

Mr. WHITLEY. The Communist Party of the United States?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Mr. Chairman, I would like to state right here that Dr. Dubrowsky's testimony is going rather far back, but he is laying the predicate for bringing it up to date, showing how the various functions were organized, how they operated then, and then he will show that they operate in the same manner today.

Now, will you describe for the committee some of your first functions as an official of the Soviet Government?

Mr. DUBROWSKY. As an official of the Soviet Government, I came into being when I was appointed, on my second trip to Russia in 1921. Reports began to come in from the Volga section of Russia, in the southwest, that there was no crop at all, and that millions and millions of citizens were doomed to die unless the Soviet Government could extend a helping hand. The Soviet Government in those days could not possibly extend that charity, and so Kamenev conceived this idea. He was at that time the right-hand man of Lenin, as vice premier, and also was a member of the political bureau. He was also chairman of the Moscow Soviet. He was also chairman of the Moscow Soviet, and the Soviet Committee of Labor and Defense. He was the most powerful man after Lenin in those days. He called me in and told me that a calamity had overtaken that part of Russia, and that possibly 10,000,000 people might die of starvation. Super-human efforts had to be made throughout the whole world to provide relief for the victims, which might be estimated in the millions.

Mr. CASEY. That situation occurred, did it not, because of the agrarian policy of the Government?

Mr. DUBROWSKY. At that time they had no policy. It was utter disorganization. It was partly due to the civil war and partly due to purely climatic conditions. That was back in the summer of 1921. You refer to 1933.

Mr. CASEY. To 1932.

Mr. DUBROWSKY. This was in 1921.

Mr. CASEY. In 1921, the calamity received notice in the press of this country.

Mr. DUBROWSKY. The American Government donated \$20,000,000 toward that relief. Congress did it at the request of President Harding and Mr. Hoover. That is how the American Relief Administration began to function in Russia. America was the only civilized state that came to the relief of the Communist state to the extent of \$20,000,000. Throughout the rest of the whole civilized world, they did not collect one-half of that.

The CHAIRMAN. You mean that they got more from the United States?

Mr. DUBROWSKY. They got more from the United States than from the rest of the whole civilized world combined.

Mr. CASEY. Twice as much?

Mr. DUBROWSKY. More than twice as much.

Mr. WHITLEY. Go ahead with your description.

MR. DUBROWSKY. Before I was called in by Kamenev at the headquarters of his seat of government, which was the seat of a grand duke—it was an important Government seat—he told me there were confidential reports coming in that were extremely grave, and that I must go back to the United States and await important instructions. I was on the high seas, coming across, when a cable came in signed by Kamenev. He is the President. He is nominally President, and he has occupied that position since it was in existence, but has not as much to do with the policies as you or I. That was advising me of the calamity or famine that was threatening. Following that cable from the President of the Soviet Government, there came one signed by Dr. Solovieff. When I landed in New York those two cables awaited me. By that time a great deal of publicity had been given as to the actual conditions. They were not minimized. Gentlemen, I have photographs in my possession showing where women ate their children. This is no exaggeration. Public opinion in the United States had been aroused, as I said, to the extent that Congress donated \$20,000,000 to send relief. Former President Hoover, I believe, was responsible for saving millions of human lives through the charity of the Congress of the United States.

All sorts of private organizations sprang up. The Quakers have done considerable relief work, and the American Red Cross has done it, as well as private societies. My task was to organize the relief from former Russians in the United States, but, having had experience with the Communist Party previous to that period, I thought I would organize the American Federated Committee, to which I invited representatives from the Communist Party, the Socialist Party, Liberals, etc., hoping that the Communist Party membership would behave. Their behavior only lasted for a short while. The Soviet Government decided to organize a central committee to appeal to the proletarian political world, or friends of the Union, the Communist Party, and their front, the Friends of the Soviet Union. The Communist Party and their front, the Friends of the Soviet Union, began to sabotage the Federated Committee. They began to complain to Kamenev, who was at that time a member of the Comintern and a member of the political bureau, that I was interfering with the activities of the party in seeking relief, as I thought it should be sent.

MR. WHITLEY. Your committee was actually sending materials for relief?

MR. DUBROWSKY. Yes, sir; that is right.

MR. WHITLEY. That new organization set up by the Communist Party of America was the Friends of Soviet Russia?

MR. DUBROWSKY. Yes, sir. They decided they would do it their own way. Their own way, as it proved to be later, was to divert it, and the famine was made a sort of a racket. My understanding was—and I have heard the statement made—that 50 percent was used for Communist activities and 50 percent for actual relief. I believe that is a conservative figure. My own understanding was that possibly 90 cents of each and every dollar collected went to the Communist Party, with the relief be damned. That was a convenient method of collecting funds. That was the beginning of the racket.

MR. WHITLEY. Was that organization, the Friends of Soviet Russia, organized at that time, or was that the same organization that Mr. Gitlow testified concerning?

Mr. DUBROWSKY. Yes, sir; the same organization.

Mr. WHITLEY. Were you acquainted with Mr. Gitlow during that period?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. He was an active Communist Party member?

Mr. DUBROWSKY. Yes, sir; of the Communist Party, and of the Friends of Soviet Russia at that time.

Mr. WHITLEY. He testified that over a million dollars was diverted.

Mr. DUBROWSKY. I believe it was more than a million dollars; 90 cents out of every dollar went to the Communist Party.

The CHAIRMAN. That is, the Communist Party of the United States kept the money?

Mr. DUBROWSKY. Mr. Chairman, I would not be at all surprised if a part of it was for the Communist Party in the United States and a part for the Communist Party in Mexico. If the Communist Party in Mexico needed it, they sent it there naturally.

Mr. STARNES. Instead of using it for the relief of starving humanity, it went to help further the political program of the Communist Party?

Mr. DUBROWSKY. Yes, sir.

Mr. CASEY. What happened to the Federated Committee?

Mr. DUBROWSKY. They took it over completely. Every member who was not a member of the Communist Party withdrew. I have documentary proof of that. I have proof from the Communist Party that they instructed me not to interfere with the Friends of Soviet Russia. I have a photostat copy of a cable which a representative of the Friends of Soviet Russia and myself had drawn up notifying them that from that date on my activities in famine relief were completely segregated from the Friends of Soviet Russia or the Communist Party.

Mr. WHITLEY. Do you have that cablegram here with you?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Will you describe it?

Mr. DUBROWSKY. This cable is in English. It is in English because Dr. Hartmann, the head of the Friends of Soviet Russia, did not speak Russian. It was sent to the central committee of the Red Cross. It is dated April 20, 1922. It is also addressed to the Russian Ambassador at Riga. In those days there was no direct connection by cable with Soviet Russia, and they had to go via Riga or Estonia. It reads as follows:

Your number 13075. Beginning February second Rusredcross and Friends Soviet Russia raising money and shipping supplies entirely separately. All shipments from that date addressed Arbeiter Hilfe.

That was the International Workers Relief, which was designated in German, because the headquarters of the outside organization was in Berlin. The cablegram reads—

All shipment from that date addressed Arbeiter Hilfe are from Friends Soviet Russia and their affiliated bodies.

They controlled a number of organizations throughout the United States under different names. The cablegram continues—

All shipments addressed to Centrokrest Soloviev are from Russian Red Cross and its affiliated committees.

Mr. WHITLEY. Who signed that?

Mr. DUBROWSKY. That was signed by myself on behalf of the Russian Red Cross, and Hartmann on behalf of the Friends of Soviet Russia.

Mr. WHITLEY. That was the result of those activities?

Mr. DUBROWSKY. Yes, sir; the instructions were the result of the activities of the Friends of Soviet Russia.

Mr. WHITLEY. That organization of the Friends of Soviet Russia, that started off under that name, has been continued down to the present time under the name of the Friends of the Soviet Union?

Mr. DUBROWSKY. That is exactly what it is.

Mr. WHITLEY. They changed the name?

Mr. DUBROWSKY. Yes, sir; they changed the name.

Mr. WHITLEY. The organization is still in existence?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. That is the organization of which Mr. Corliss Lamont is the head at the present time?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Will you describe to the committee the manner in which—

Mr. DUBROWSKY (interposing). May I correct that? Corliss Lamont is only a figurehead. Lamont happened to be a very convenient name to exploit. He takes orders.

Mr. WHITLEY. The organization is still run by the Communist Party?

Mr. DUBROWSKY. Yes, sir.

Mr. THOMAS. Who does he take orders from?

Mr. DUBROWSKY. From the central committee. The activities of the Friends of the Soviet Union are directed by the Communist Party.

Mr. WHITLEY. Describe to the committee how the activities of the Communist Party were financed in the early days, when it was just getting started, and when they were having some difficulty in getting funds either here or from Moscow.

Mr. DUBROWSKY. In the very early days—it is ancient history at the present moment—but early in 1918, 1919, and 1920, when Russia did not have any funds available—but she has had an accumulation, I understand, of over \$100,000,000 in confiscated diamonds and precious stones from the population. Confiscation is a popular name and a convenient name. All sorts of sins may be committed under that name. It assumes a face of respectability. A number of those diamonds found their way into the United States. A number of diamonds found their way into almost every civilized country.

Mr. WHITLEY. How did they get into the United States?

Mr. DUBROWSKY. Through those special couriers. They would travel through as sailors, or come in by way of Mexico and Cuba. There were a good many, I know, that came in that way. There were a few that came through Martens and members of his staff. They came in under different names and different passports. Where they spoke English, it was easier for them to gain admission. Admission into the United States in those days was not a difficult problem. It was not what it is today. It is rather difficult today.

In one particular instance I came almost to physically handling a bag of diamonds. It was during the spring of 1921. It was pos

sibly a few months after Martens and his staff had been deported. While they were not actually deported, they paid for their own transportation. That was compromised in the Department of Justice and the Department of Labor; so that technically you might say they were not deported. You might say he was not deported with his staff, but I would say they departed from the United States. A man by the name of Michael Borirdin, who was destined to play a very important and significant role in the Chinese revolutionary movement, was concerned. He was sent by the Comintern and the foreign office in 1924 and 1925 to direct the revolution in China. It is quite a prominent name historically now. At that time Borirdin was on the way from Moscow under the name of Brodin. He departed from the United States under the name of Grusenbergr. Americans associated with him knew him by the name of Michael Grusenbergr. I knew him in Chicago. He was a failure as an attorney and conducted a night school. He owned a night school, and became the famous generalissimo of the Chinese revolution.

Now, this man Borirdin, on the way from South America to Moscow, dropped in to see me and tell me that he had been given a batch of diamonds, which Borirdin estimated to be worth \$250,000, to be delivered partly to the numerous Communist movements in South America—I do not recollect which—and part of it in Mexico and part in the United States; that for some technical reason he could not himself deliver the diamonds to the party in the United States and appeared in my office with this explanation.

About 2 weeks later a man appeared in my office whom I had never seen before and deposited a bag. He said, "These are diamonds that Borirdin sent and that they were to be delivered to the Communist Party."

Gentlemen, I was frightened. I have done all sorts of things in my youth for a revolution, I have risked my life many times, but I could not make up my mind to be a party to smuggling, and I refused to accept them. I made him take them back with him, but I promised him I will let him know where he can deliver them.

Mr. CASEY. Did he not refer to a particular person to whom he wanted to deliver them?

Mr. DUBROWSKY. No; to the Communist Party; he did not know exactly. I was the only official at that time in the United States, or my office, rather, was, which I headed.

I called up Prodexico, the produce exchange corporation, which occupied the same offices as the Embassy occupied, which was left in the United States as a nucleus for communication with Soviet Russia.

This was organized by Martens before he departed to Russia. To the best of my knowledge, as far as I can recollect, the incorporators were John P. Olzol; Kenneth Durant, who is until the present date a representative of the Soviet Telegram News Agency; Julius Fox, who has since died; and Charles Recht. At that time Charles Recht was one of the incorporators; at that time he was one of the directors, too; and he definitely participated in the affairs of Prodexico, possibly as an attorney, I do not exactly recall.

The CHAIRMAN. That was Charles Recht who testified before the committee yesterday.

Mr. DUBROWSKY. That was Charles Recht, who testified before the committee yesterday.

The CHAIRMAN. That was strictly a Soviet Government organization?

Mr. DUBROWSKY. That was a Communist affair, not a Soviet organization—organized and incorporated in New York before Martens left.

Mr. THOMAS. It was incorporated for what purpose?

Mr. DUBROWSKY. The purpose evidently was supposedly to do commercial transactions between the United States and Soviet Russia, which were nonexistent; you could not have any commercial transactions.

Mr. WHITLEY. Was that the forerunner of Amtorg?

Mr. DUBROWSKY. That was the forerunner of Amtorg; commercial transactions started with Argus, a branch of the British organization.

Mr. THOMAS. In their application—

Mr. DUBROWSKY. They gave that as the purpose. Essentially it was the same sort of an organization, with responsible, trusted individuals to be in constant communication with Russia.

I was coming back to the diamonds.

The CHAIRMAN. That matter in connection with the diamonds is very interesting, because Mr. Gitlow testified to the same thing, and there were some people who treated it more as a fantastic story, some newspapers.

Mr. DUBROWSKY. Usually the newspapers, because it is fantastic; and sometimes the truth is stranger than fiction. But it is the absolute truth.

I have known individuals who kept on bringing in these diamonds, but I have never kept in physical contact with a single case until this particular case brought by Michael Borirdin.

The CHAIRMAN. Is it not a matter of history that the Bolsheviki confiscated all of the Crown jewels in Russia? Is not that a matter of history?

Mr. DUBROWSKY. That is a matter of history which everyone can verify.

The CHAIRMAN. And, of course, during those days they had no money, no medium of exchange.

Mr. DUBROWSKY. That was used as the medium of exchange. They had no dollars and no pounds.

Mr. CASEY. Did you ever know of Crown jewels coming to America?

Mr. DUBROWSKY. Crown jewels which are of historic value are still, in the present day, to the best of my knowledge, in the Kremlin. As a matter of fact, I have seen the exhibition. But all sort of jewels are called Crown jewels. There are a great many Crown jewels that we know of, and all of these were disposed of. You find on Fifth Avenue, New York, all sorts of trinkets which belonged to the Czar and his family, and the ones that might have any historic value have been converted into cash.

Mr. CASEY. Did they actually belong to the nobility?

Mr. DUBROWSKY. Of course they did.

Mr. WHITLEY. After you had declined to take these jewels, what action was taken with reference to them?

Mr. DUBROWSKY. Grodskow took them. They were delivered to the office of the Produce Exchange Corporation, which I have mentioned before.

Mr. WHITLEY. In which Mr. Charles Recht was active.

Mr. DUBROWSKY. Was at least counselor; he was definitely counselor. I always supposed he was one of the incorporators or directors.

The CHAIRMAN. Did he deny that yesterday?

Mr. MATTHEWS. He said he had no recollection of the corporation at all.

Mr. DUBROWSKY. That is a deliberate misstatement. He had plenty of recollections, and I will in some of my testimony elaborate on them and prove that he had definite information.

Mr. WHITLEY. After these jewels were delivered to Prodexico, were they converted into cash for the party?

Mr. DUBROWSKY. Following that, as I said, that was early in the spring; on May 1 I was in Moscow and while I was in the Red Square, in the celebration, I have met Mr. Borirdin, and he asked me to come to the foreign office and to verify Dourikin, who was at that time Assistant Commissar of Foreign Affairs, that the diamonds that were supposed to be delivered by himself were delivered, to the best of my knowledge, to the Produce Exchange Corporation, and that they were worth a great deal more than \$12,000 which the Produce Exchange Corporation reported that they sold them for.

Mr. WHITLEY. In other words, there was some shrinkage there of value?

Mr. DUBROWSKY. There was considerable shrinkage, 75 percent.

Mr. WHITLEY. Apparently, from all of the circumstances, it would appear that they were converted, and \$12,000 was realized for the Communist Party.

Mr. DUBROWSKY. I was asked to testify to that fact in Moscow.

Mr. WHITLEY. The amount realized was reported to Moscow?

Mr. DUBROWSKY. The amount realized was reported to Moscow, and he was in the shadow of suspicion, Mr. Borirdin, that they were really diamonds worth \$250,000, and only \$12,000 worth was delivered to the Communist Party in the United States.

Mr. WHITLEY. What other methods of financing were there?

Mr. DUBROWSKY. As the times advanced, and Soviet Russia began to do trading with the outside world, and began to be recognized as a part of the family of nations, the United States was one of the last ones, in 1933, they began to get funds by exporting all sorts of raw commodities. Their trade was considerable with England, France, and Germany, with the whole world, as a matter of fact, and with the United States. At one time I was told it was doing as much as \$150,000,000 worth a year between the United States and Russia in commercial transactions, and commercial transactions and trade were assuming considerable proportions.

I do not believe that I would state that any diamonds were being smuggled in. But you know that you support movements of all sorts, and different rackets were being established in the United States and everywhere else, so you got a repetition of the same identical formula, if you please.

I will endeavor in the short time—I hope to be able to leave shortly—to give you a bird's-eye view of what the rackets are, and some time in the future I hope to have an opportunity to go into details and elaborate upon them.

The CHAIRMAN. They started in about what year?

Mr. DUBROWSKY. The rackets started about 1923 or 1924 into an organized attempt to fleece innocents abroad.

Mr. THOMAS. You mean that the many activities of the Communist Party today are nothing more than a financial racket?

Mr. DUBROWSKY. No; I am speaking at this moment, Congressman, not of the Communist Party but of the Soviet Government.

Mr. THOMAS. Including the Communist Party?

Mr. DUBROWSKY. The Soviet Government in Russia, of course, is part and parcel of the Communist Party.

The CHAIRMAN. You say that the soviet organized these rackets?

Mr. DUBROWSKY. The soviet organized these rackets. What are they? A great deal has been said and a great deal has been written for years that Russia is spending tremendous sums for propaganda in the United States. It is technically incorrect. I will endeavor to prove that the propaganda they have spread in the United States Americans swallow and pay for it, if you please.

One of them is the Amkimo.

The CHAIRMAN. What is that?

Mr. DUBROWSKY. That is a corporation organized, to the best of my knowledge, in the State of New York, an American corporation, if you please, to import soviet films, nine-tenths of which is pure propaganda. They exhibit these films throughout the United States.

The income from these performances are very substantial, I can assure you. They run into millions a year.

The CHAIRMAN. Where are the films made?

Mr. DUBROWSKY. Made in Soviet Russia and imported into the United States by an American corporation, a subsidiary of Amtorg, the director of which is always a member of the Communist Party and a soviet citizen.

Mr. CASEY. Practically all Russian films are propaganda?

Mr. DUBROWSKY. I should say 90 percent and more are pure propaganda films.

Mr. THOMAS. Are they sold to commercial concerns here?

Mr. DUBROWSKY. That depends on what they consider will bring in more revenue.

Mr. THOMAS. What kind of concerns would purchase these films?

Mr. DUBROWSKY. I believe very few concerns would purchase these films, except the news items, which have a definite propaganda basis. They are shown by distributing agencies, but the actual films which produce a very substantial income are exploited by themselves.

Mr. WHITLEY. In other words, they show them themselves at their own theaters?

Mr. DUBROWSKY. They usually have all sorts of fronts.

Mr. WHITLEY. Does the American corporation have to pay for those films?

Mr. DUBROWSKY. The American corporation does not have to pay; they represent the film agency.

Mr. WHITLEY. They are films made in Russia and shipped over here and the Amkino exploits them in every way possible. What happens to the profits that accrue to the Amkino?

Mr. DUBROWSKY. That, of course, I do not know. I have not handled those funds, but if the committee is very much interested to know what happens and what amounts are being taken from the American population for definite propaganda, all that they have to do is to inquire at Amkino and they will give you the information from their books.

The CHAIRMAN. How do they exhibit the films, through front organizations?

Mr. DUBROWSKY. Either through front organizations of the Communist Party; and also friends of the Soviet Union have a good many films that they exhibit throughout the length and breadth of the United States, for which admission is charged. They rent films at so much per day. Sometimes they exploit the films and hire a theater, or rent a theater themselves. There are many ways to exploit the films, and that depends upon what promises to bring the best revenue, and they guide themselves accordingly.

Mr. THOMAS. Will you also develop that part in reference to news items? They go to commercial concerns?

Mr. DUBROWSKY. That is right. Those are practically sold to the distributors of news.

Mr. THOMAS. Which ones, for instance?

Mr. DUBROWSKY. Now, Congressman, I suppose to the Universal News films, to different distributors, or to whatever distributors they can make the best terms with. I do not know exactly how it was being done, but that is the method of procedure.

The CHAIRMAN. Let us get another way in which they raise money in the United States.

Mr. DUBROWSKY. Another way they raise money—there are, as you know, approximately 3,000,000 American residents and citizens, I believe more than 3,000,000, I do not recollect the actual figures, but it runs into millions, they are citizens of the United States, or became citizens. They have settled and stayed here, and in the majority—

Mr. WHITLEY. You mean from Russia?

Mr. DUBROWSKY. That is right. In the majority of cases each one, each individual who has settled and raised their family, has some sort of relatives somewhere in Russia. Sooner or later Russians die and they leave estates.

Mr. WHITLEY. Those in the United States leave estates?

Mr. DUBROWSKY. Those in the United States leave estates. Sometimes the only relatives of that individual who died are all in Russia, and sometimes some are here and some are in Russia, but I say there are thousands and thousands, tens of thousands of cases, and all this means revenue.

The CHAIRMAN. A Russian dies and he has relatives in Russia. What is the procedure?

Mr. DUBROWSKY. The procedure is that in this particular case, Mr. Charles Recht—as to how it started, I will go into at some other time; you are asking me what is being done today?

The CHAIRMAN. That is right.

Mr. DUBROWSKY. Mr. Charles Recht—any Russian consulate receiving notification of the death of a Russian in which an estate is involved, notifies Mr. Recht. Mr. Recht notifies a central organization in Moscow, created for that purpose exclusively, of which he is an active agent in the United States and Canada. That I will prove at some time by documentary evidence. I have a photostat copy of his appointment as agent in the United States and Canada, signed by the president of that organization. Mr. Recht immediately communicates with that central organization in Moscow and tells them, for instance, that Mr. Banahoff died in Kalamazoo, Mich., and he has left \$2,000 in cash savings and he has left a piece of land, and

he possibly may have had some stock, which is being administered by the local—either public administrator or orphans court, which has the legal administration of it and is to look after such an estate. But he tells them:

We do not know where the relatives live. His acquaintances, his correspondence, does not disclose it; will you please look up the relatives?

The job of that central body in Moscow, called the Credit Bureau, is to notify the police department, which is quite centralized and quite efficient, almost as efficient as the Gestapo, and they begin to go to the region where that man has supposedly migrated from, and sooner or later they will discover some relatives, you may rest assured.

The CHAIRMAN. They will find a way?

Mr. DUBROWSKY. They will find a way. Documents are prepared: the heirs are in a great many cases quite illiterate, and they will make and execute a power of attorney to Mr. Charles Recht, so he has an absolute monopoly of all estates in the United States and Canada, so far as Russians are concerned, and if he tells you he does not, it is a deliberate misstatement, to say it mildly.

The documents he receives, and he collects funds, and sends them, if you please, to that central organization in Moscow, irrespective of the fact whether that individual lives in Moscow, or 5,000 miles away in Vladivostok, or anywhere else.

Mr. WHITLEY. In other words, Mr. Recht, as the official representative of this organization, this Soviet organization in the United States, does not represent the individuals that are involved, but he represents the agency of the Soviet Government in collecting these estates?

Mr. DUBROWSKY. Mr. Recht, I notice from the statement in the papers, said that he had handled thousands of individual estates. I am absolutely certain, and I am convinced I can prove it, that if he knew one of those it was by mere accident. He does not know them from Adam.

It is sent to him and he is instructed to collect, and he collects it, and the individual gets valueless Soviet rubles.

Mr. CASEY. He has a power of attorney from Russia?

Mr. DUBROWSKY. Yes; the organization procures it, but no individual in Russia can afford the luxury to state to any official body in Russia that "I do not feel like signing the document," without being suspected of being a spy.

Mr. WHITLEY. You say the central agency that handles these matters is the Credit Bureau. That was a former name?

Mr. DUBROWSKY. It does not matter what name it is; they keep on changing the name for purposes of their own.

The CHAIRMAN. Just like they do with the front organizations in the United States. If you expose one of them they will change its name.

Mr. DUBROWSKY. That is right. If it suits certain purposes, the name is changed.

The CHAIRMAN. About the amount of revenue from this source; is that considerable?

Mr. DUBROWSKY. My rough estimate, on the experience I have had, because I have handled some identical things on a different basis, which I will explain at a future sitting—that revenue will bring in approximately a million dollars a year of estates.

The CHAIRMAN. That goes to the Soviet Government?

Mr. DUBROWSKY. That goes to Stalin, and let no one tell you that it goes to anyone else.

Mr. CASEY. The entire amount goes there?

Mr. DUBROWSKY. The relatives get a few worthless rubles out of the official exchanges.

I will give you an illustration. A man gets a hundred dollars to his credit and it is a criminal offense to possess that much money; it is a capital offense, if you please. They notify him, send him a notification to come to the nearest branch bank or post office, and he gets the official rate of exchange, 5 rubles at the present time for a dollar. A few years ago it was quite different from that, and 5 rubles now means exactly 10 cents. And the price to buy, to purchase a pair of shoes or a suit of clothes—you can imagine how many dollars he has to spend.

Mr. WHITLEY. Doctor, the Soviet Government having confiscated all private property in Russia, within the geographical boundaries of Russia, we now see this process which you have described reaching out into other countries, confiscating the private property of Russians in other countries?

Mr. DUBROWSKY. That is exactly what is being done.

Mr. WHITLEY. Expropriation of private property?

Mr. DUBROWSKY. Yes; and the exploitation of it.

The CHAIRMAN. Of course, the money they get from the films is used in the United States for propaganda purposes of the party.

Mr. DUBROWSKY. You see, the question was, "Is money being sent from Russia for the support of all sorts of activities?" Of course, as you know, the Communist Party is an affiliated body, part and parcel of the Comintern. You cannot—there is no line of demarcation between the government and the party.

The CHAIRMAN. What I mean is that the money that is derived—

Mr. DUBROWSKY. Oh, when they do that, you cannot lay your hands upon any particular sum that was taken and say that they took \$100,000 out of the proceeds of the propaganda activities and gave it to Mr. Browder.

But from every indication some funds are being gotten, and Stalin does not have to produce those funds because they are produced right here in the United States.

The CHAIRMAN. But funds from the estates go to Russia, for the benefit of the Soviet Government?

Mr. DUBROWSKY. Those also do not go to Moscow. It is only a question of a bookkeeping transaction. The Russian agency has an account, let us say, at the Chase National or Manufacturers' Trust Co., or whichever bank they are dealing with. I understand that the Chase National Bank is still the fiscal banking agency for the Soviet Government. And they also have an account with the Manufacturers' Trust Co., rather a substantial institution. The banks in which Mr. Charles Recht puts money, has an account with either the Chase or Manufacturers' Trust, and the Manufacturers' Trust or Chase simply notify them by cable that Mr. Charles Recht has deposited to this account, \$10,000, \$50,000, \$100,000, and it becomes an account of the official agency for the Soviet Government in the Chase National Bank, and anyone can draw against it, has the right to draw.

The CHAIRMAN. But the point is, they are making proceeds from films that stay here in the United States.

Mr. DUBROWSKY. They stay here in the United States—I beg your pardon; that must not be misconstrued, that that must stay here. If they need to make a payment for some purpose in France, or England, or Africa, for that matter, they will instruct the Chase National Bank and say, “Will you transfer, let us say, to the Midland Bank, \$100,000?” They do not have to ask Moscow, because the money is right here.

The CHAIRMAN. All right; will you give us the principal sources of revenue; you have given two of them?

Mr. DUBROWSKY. Mr. Chairman, there was——

Mr. STARNES (interposing). Who drew on these accounts?

Mr. DUBROWSKY. I mean whoever was authorized.

Mr. STARNES. You do not know who was authorized?

Mr. DUBROWSKY. Yes; I do. Trojanovsky, the Ambassador——

Mr. STARNES (interposing). In other words, all of them?

Mr. DUBROWSKY. The president, the chairman of the board of the Amtorg. I am not authorized.

Mr. WHITLEY. Doctor, through the processes you have described, the Soviet Government confiscated the private property of individuals in this country, at least, many of whom are American citizens?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. What would be the necessity of the Soviet Government giving cash, for instance, as the testimony here shows with reference to Carp having approximately \$400,000 in cash, what would be the necessity of such a transaction as that on the part of an agent of the Soviet Government in handling so much cash or its being brought to this country for disbursement?

Mr. DUBROWSKY. Mr. Chairman, I must say that when a transaction is perfectly legitimate and over and above board, it is usually paid for in check, or by check.

The CHAIRMAN. Yes.

Mr. DUBROWSKY. And when the transaction is subject to question it is paid in cash so that no trace of it will be left.

The CHAIRMAN. I see.

Mr. DUBROWSKY. Consequently you may draw your own conclusion when cash is being used of something being wrong.

The CHAIRMAN. In other words, if it is a legitimate transaction it is paid for by check.

Mr. DUBROWSKY. If it is a legitimate transaction it is paid for by check.

The CHAIRMAN. In other words, when cash is sent by the Soviet Union to its agents there would be some questionable transaction?

Mr. DUBROWSKY. Absolutely.

The CHAIRMAN. Now, will you give us the principal sources of the revenue?

Mr. WHITLEY. Doctor, will you describe the manner in which the thousands of veterans have been utilized for this purpose?

Mr. DUBROWSKY. Back in 1928 I was called through a few different sources, which came within a period of 6 months, from various sources, some Russian, the Red Cross, from the State Bank in Moscow, and from the American Red Cross, and from the Veterans' Bureau, all trying to help locate relatives of the deceased American veterans, of veterans killed in action.

The majority of those veterans of Russian origin who were killed in action or died in action or as a result of active duty with the American Expeditionary Forces were insured from \$5,000 to \$10,000. That was really a substantial sum of money; it is a substantial sum anywhere, and especially so in Soviet Russia.

Besides the actual cash value of the insurance, there are also all sorts of benefits due the immediate relatives or dependents of the American veterans: Parents, if they are dependent; minor brothers or sisters; wives, children, and so forth, so that the average value to the family of a veteran who was killed or who died as a result of his activities amounts to approximately between \$15,000 and \$18,000 in the course of 20 years.

When I started, when I began first to investigate this problem, I have had, I must say, all the wonderful cooperation from the humane, just point of view of the National American Red Cross. I knew that Judge Barton Payne, with whom I have discussed this matter time and again, was extremely wonderful in helping to see that the relatives of the American veterans who happened to have the misfortune of residing under the hammer and sickle, of having the same protection in the payment of benefits as to Russians in the United States.

With that in mind, he wanted to have absolute assurance that every penny collected from the United States Veterans' Bureau, Treasury Department, and sent to the dependents in Russia will reach the proper destination and will not be confiscated.

The CHAIRMAN. Pardon me for interrupting you, but you have got to catch a plane at 12:30?

Mr. DUBROWSKY. I wish you would allow me to do so.

The CHAIRMAN. I had been advised of your wish.

Mr. DUBROWSKY. I would like to do so very much, if possible.

The CHAIRMAN. It would take how many days to develop your testimony?

Mr. DUBROWSKY. If you want me to give you a pretty good description of it, possibly, I believe a few days, Mr. Chairman.

The CHAIRMAN. A few?

Mr. DUBROWSKY. It would; yes.

The CHAIRMAN. Could you answer just a few general questions?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. I want to ask you this: Do they raise money largely through front organizations that are set up with that idea in mind?

Mr. DUBROWSKY. Always.

The CHAIRMAN. They do?

Mr. DUBROWSKY. Always; that is the *modus operandi*.

The CHAIRMAN. Do you have any information along the line Mr. Gitlow testified as to the diversion of funds in labor union organizations, through officials they have in unions; do you have that information?

Mr. DUBROWSKY. Mr. Chairman, my activities, as I have indicated, have not been with the labor phase of it. But that is the mode of operation; if it applies in my case it applies in whatever they do; they always have had and continue to use that method.

The CHAIRMAN. From your contacts over a long experience, would you say that the Soviet Union, through these various devices that

you have indicated and through front organizations have raised a considerable sum of money in the United States?

Mr. DUBROWSKY. Very considerable sum, and they are still raising it every single day in the week.

Mr. CASEY. "Considerable" is pretty indefinite.

Mr. DUBROWSKY. I indicated, Congressman, a little while ago, that the income from estates amounted to approximately a million dollars a year. I also indicated that the income from the Amkino amounted to considerable. If I could spend the rest of the afternoon I would develop the other avenues.

The CHAIRMAN. Can you testify this afternoon; that is what I wanted to know?

Mr. DUBROWSKY. I could not possible do so.

The CHAIRMAN. Suppose you go ahead with the veterans' angle.

Mr. WHITLEY. Will you complete the explanation of that, doctor? You had gotten to the point where you were arranging to get the benefits from this country to the beneficiaries in Russia and that the Red Cross agency wanted the assurance that the money would go to the relatives in Russia.

Mr. DUBROWSKY. That is right.

Now, I presented the absolute conditions under which the American veterans, the United States Veterans' Administration with the cooperation of the American Red Cross, would settle the estates, and the absolute condition was that the beneficiaries were to receive and get every cent which was due them, and that under no circumstances will it be either confiscated or diverted otherwise.

Mr. MASON. Would you say this is correct, that the Soviet Government and the International has played the American people through all these various means you have described, Front organizations and otherwise, as a bunch of suckers in providing funds to propagandize ourselves?

Mr. DUBROWSKY. Well, roughly speaking, yes; generally speaking, that is right.

Mr. MASON. That would be true?

Mr. DUBROWSKY. That is what it amounted to.

Mr. WHITLEY. Doctor, in spite of these assurances that these funds would go to the beneficiaries in Russia, what was the result?

Mr. DUBROWSKY. The result of it was that I, for a period of about 6 years, was not allowed to go to Russia or to get any facts to see what was happening.

But, occasionally a number of complaints began to slip in through people who traveled to Russia, or an individual would find someone, if he was illiterate, to write a letter; sometimes the letter would be addressed to the Treasury Department; sometimes it would be addressed to the President of the United States; sometimes it would be addressed to the White House without any name; sometimes it would be addressed to me; sometimes it would be addressed to the Veterans' Administration.

Whenever occasions were presented to my attention, I had a hell of a time adjusting them because I had given definite and absolute assurance to the Veterans' Administration and to the American Red Cross, assurances not only on my behalf but on behalf of the Soviet Government that every penny will be delivered to the beneficiaries. That was not lived up to.

Mr. THOMAS. That was not what?

Mr. DUBROWSKY. That was not lived up to.

Mr. DEMPSEY. Do you know what percentage of these payments the individuals would get?

Mr. DUBROWSKY. This led to the creation of Torgsins, that is, a trading organization created in 1928 at the beginning of the 5-year plan to enable foreign specialists to buy commodities for valuta, in dollars, pounds sterling, francs, or whatever was specified.

Mr. CASEY. From your testimony, doctor, I would assume——

Mr. DEMPSEY. Pardon me. Will you allow him to complete the question I asked?

Mr. CASEY. Surely. I thought he had concluded.

Mr. DUBROWSKY. I want to continue with that if I may.

Now, the understanding and definite obligation, understood by the Soviet Government, was that an account will be opened for the family of the veterans, although they are not given dollars, but they are given credits to these special stores for foreigners, and purchases on the same basis as foreigners did; in other words, the proceeds would be utilized for their needs.

Mr. WHITLEY. In other words, give credits to them at the store.

Mr. DUBROWSKY. That is correct; whether they purchase shoes—they could even purchase living quarters if they pleased at the Torgsins. It was more than the department store in the United States. It didn't look like it but it was.

In 1932, 4 years later, to my amazement, it was just shortly after recognition, and I will exhibit a letter of instructions from Mr. Skwirsky, instructing me contrary to the promises and obligations undertaken, that these funds of the veterans are subject to confiscation.

I will produce and introduce in due time legislation passed in the Soviet Union, signed by the Commissar, and by the President of the Soviet Union, Kalinin, that these funds are not subject to any confiscation in any form whatsoever.

Four years later, evidently they did not need the funds so badly and the same thing over again, a promise is not a promise as long as it is given a person in a bourgeois status.

Mr. WHITLEY. During these proceedings, as I understand, you handled the matter with the Veterans' Administration and wrote them a letter.

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Will you indicate to the committee the number——

Mr. DUBROWSKY (interposing). There were 56,000 Russian families of veterans, Russian nationals, in the American Expeditionary Force.

Mr. WHITLEY. Will you indicate how much money was collected from these veterans?

Mr. DUBROWSKY. Several millions of dollars.

Mr. WHITLEY. And those funds went to Russia?

Mr. DUBROWSKY. And those funds, of course, went to Russia.

Mr. WHITLEY. Yes.

Mr. DUBROWSKY. But in exchange for those funds they have obligated themselves to give commodities to beneficiaries, which for all practical purposes was satisfactory to the American Red Cross so far as I was concerned.

The CHAIRMAN. They could buy shoes?

Mr. DUBROWSKY. They could buy shoes, trousers. For instance, they could buy a pair of shoes for \$3, \$4, or \$5, but the moment the money was confiscated in trading with this corporation the same shoes cost \$200 to \$250.

The CHAIRMAN. So these beneficiaries get very little out of it.

Mr. DUBROWSKY. After the close of the Torgsins in 1935.

I believe I have a letter somewhere in which I have notified that coincident with my severing my service the Torgsin stores also closed. And, I have notified the American Red Cross, the officials, and I have notified General Hines that this was the situation and I take no more moral responsibility for what is going to happen to these funds.

The CHAIRMAN. You did notify him?

Mr. DUBROWSKY. I notified General Hines and the Red Cross.

Mr. WHITLEY. Is this a letter you sent to General Hines?

Mr. DUBROWSKY. This is the letter that I sent to General Hines.

Mr. WHITLEY. Yes.

Mr. DUBROWSKY. This is a letter I sent to Mr. McClintock who was vice chairman of the American Red Cross.

The CHAIRMAN. It is not clear to me just what the beneficiaries got out of it.

Mr. MASON. As I understand he testified that in exchange with these Soviet stores they only got a few cents out of every dollar.

Mr. DUBROWSKY. I beg your pardon. I said that in the Torgsins stores they were actually, got the actual dollar's worth.

Mr. MASON. But after they were closed—

Mr. DUBROWSKY (interposing). When the stores were no longer in existence, any more, that is at the present time, every dollar sent to Russia for an individual that individual got 4 to 5 cents out of it.

The CHAIRMAN. That is after the stores were closed.

Mr. DUBROWSKY. Since 1935 when they closed the Torgsins stores.

The CHAIRMAN. In other words, the money raised by American taxpayers goes to the Soviet?

Mr. DUBROWSKY. In effect, though the confiscation is not quite complete; it is only about 95 percent complete.

The CHAIRMAN. The taxpayers' funds are used to help the Soviet Union?

Mr. DUBROWSKY. And they are still doing it.

Mr. CASEY. Well, how many \$250 pair of shoes would a Russian beneficiary of an American veteran be able to get if he had the \$5,000?

Mr. DUBROWSKY. Well, if he is to get the \$5,000 he could get the shoes through direct purchases.

Mr. CASEY. What would it cost a well-dressed man there?

Mr. DUBROWSKY. There isn't any well-dressed man in Russia.

Mr. WHITLEY. I would like to read this letter.

Mr. DUBROWSKY (continuing). Such a thing is not possible.

Mr. WHITLEY. I think this letter explains the situation, Mr. Chairman.

The CHAIRMAN. Very well; you may read it.

Mr. WHITLEY. The letter is dated November 13, 1935, and addressed Gen. Frank T. Hines, Veterans Administration, Washington, D. C., and reads:

DEAR SIR: I had intended to write to you some time ago, but I only recently returned from the country where I was compelled to stay for reasons of health.

In June of this year my connection with the Russian Red Cross was completely and definitely terminated. As you know, I devoted all my time for a number of years to the adjudication of claims of American veterans for Russian beneficiaries residing in the Union of Soviet Socialist Republics. Although definite assurance were given by the Soviet Government and its local officials, numerous complaints were received by the Veterans' Bureau, the American Red Cross, and even our State Department. These complaints came from individuals and testified that confiscation of the benefits do take place in one form or another.

Whenever a complaint was called to my attention either by Washington or by the beneficiary, if he was still at large, I deemed it my moral duty to rectify the injustice committed by the Soviet officialdom even if it required on my part vehement protests to the central committee of the Soviet Red Cross, to the State Bank of the Union of Soviet Socialist Republics, or to the Soviet Foreign Office.

I was in a position to demand that justice be done and that the Soviet Government live up to its solemn promise because of three important facts, namely:

1. I am an American citizen, and consequently could not be recalled to Moscow to face the inquisition of the infamous OGPU.

2. I was not a member of the Communist Party, and therefore could not be subjected to its regimentation and disciplinary action.

3. In the absence of diplomatic relations between the United States of America and the Union of Soviet Socialist Republics, Moscow felt that my "Bourgeois" ideas as to living up to agreement should be tolerated if only for reasons of political expediency.

While I was in charge of the Russian Red Cross office in this country, I scrupulously watched every case and was able at least to exact renewed promises from the Soviet Government that it would fulfill the assumed obligations. Throughout the years of my service I had no opportunity for personal investigation of a single case, since I was not allowed to go to Russia until after our recognition of the Soviet Government.

Doctor, I believe you testified during a fixed period of 6 years they would not let you come to Russia?

Mr. DUBROWSKY. That is correct.

Mr. WHITLEY. That was because if you had gone over there you could make an official check up to see if the beneficiaries were getting the funds?

Mr. DUBROWSKY. That is correct.

The CHAIRMAN. That is what he said.

Mr. WHITLEY. During this time they would not let him go.

Mr. DUBROWSKY. I was a frequent visitor until I started this veterans' matter.

Mr. CASEY. You have told us about any assurance given to the bourgeois not being any good whatsoever.

Mr. DUBROWSKY. Yes.

Mr. CASEY. How about an assurance given to a dictator state?

Mr. DUBROWSKY. Will be just as good.

Mr. CASEY. Worth just as little?

Mr. DUBROWSKY. Just as little.

Mr. WHITLEY. The last paragraph of this letter reads:

As I am no longer connected with the Russian Red Cross, a fact which I wish to call to your attention, I am no longer in a position to bear any responsibility for the conduct of veterans' cases by the Russian Red Cross. These cases are not entrusted to a Soviet official, whose loyalty is necessarily pledged to the Russian Communist Party, of which he is a member, and to the Soviet Government, of which he is a citizen. In these circumstances, the beneficiaries of American funds are left without adequate protection and guardianship.

That is signed, "Sincerely yours, D. H. Dubrowsky."

Mr. THOMAS. Is there an answer to that letter?

Mr. WHITLEY. I do not know.

Mr. DUBROWSKY. I have some answers. He had acknowledged due receipt of the letter.

Mr. WHITLEY. You received an acknowledgment of the letter?

Mr. DUBROWSKY. He acknowledged the letter and thanked me for calling their attention to it.

The CHAIRMAN. You are going to be back next week?

Mr. DUBROWSKY. I can.

Mr. MASON. I want to ask you a question.

Mr. DUBROWSKY. Yes.

Mr. MASON. Is it correct, Doctor, from your own contacts and knowledge to say that the Communists are active in labor organizations in these front organizations, and that they also have persons in the Government service, actually in service in the city of Washington, agents of the Soviet Government of the International?

Mr. DUBROWSKY. My own interpretation would be such, Mr. Congressman.

Each active member, each member of the Communist Party, must subscribe to the rules and regulations of the party which is controlled by the Comintern, with headquarters at Moscow, of which Joseph Stalin is the active, leading spirit.

Mr. MASON. Do you know of your own knowledge they have placed some of these persons in service of the departments of the Government?

Mr. DUBROWSKY. I am not prepared to say; I don't know. --

Mr. WHITLEY. But, do you know whether Joseph Brodsky, an attorney in New York, is a member of the Communist Party?

Mr. DUBROWSKY. That is the general understanding, that he is a member; that is the understanding.

Mr. WHITLEY. You have never seen his book?

Mr. DUBROWSKY. I have never actually seen it.

Mr. WHITLEY. You have never seen his book?

Mr. DUBROWSKY. No; that is the general understanding.

Mr. WHITLEY. Do you know whether Mr. Brodsky was one of the mediums through which funds were transmitted from the United States last year to the Communist Party?

Mr. DUBROWSKY. That was also the understanding, but to my own knowledge I do not know.

Mr. WHITLEY. But that was the understanding?

Mr. DUBROWSKY. That was the understanding.

The CHAIRMAN. Did you estimate approximately the amount of money that was collected for veterans from the beneficiaries of veterans?

Mr. DUBROWSKY. Mr. Chairman, many millions of dollars.

The CHAIRMAN. What percentage would you say of the beneficiaries of the veterans actually get?

Mr. DUBROWSKY. Until 1935, I should image about 80 percent.

The CHAIRMAN. Eighty?

Mr. DUBROWSKY. Yes. From 1935 approximately 5 percent has been paid; 4 to 5 percent; not to exceed 5 percent.

The CHAIRMAN. To the veterans?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. How much money; could you give us an estimate?

Mr. DUBROWSKY. Anywhere between five and seven million dollars—\$8,000,000 approximately. If I could sit down for half an hour—

Mr. THOMAS. You said that they are still sending funds at the present time?

Mr. DUBROWSKY. Yes.

Mr. THOMAS. The 80 percent was prior to 1935?

Mr. DUBROWSKY. Yes.

Mr. THOMAS. That is your best knowledge?

Mr. DUBROWSKY. That is to the best of my knowledge.

The CHAIRMAN. Over what period of time would you say the five to seven million dollars has been collected?

Mr. DUBROWSKY. From 1928 until the time I severed my

Mr. WHITLEY. In 1935?

Mr. MASON. That is a million dollars a year.

Mr. WHITLEY. Mr. Chairman, Dr. Dubrowsky has to catch a plane.

The CHAIRMAN. I believe you will be back at a later time.

Mr. DUBROWSKY. I will be at your disposal.

The CHAIRMAN. Monday I understand we have a witness who is going to answer or is scheduled to answer Fritz Kuhn.

Mr. WHITLEY. That is right.

The CHAIRMAN. Then the committee will stand adjourned until 10 o'clock Monday.

(Thereupon at 12:30 p. m. an adjournment was taken until 10 a. m. Monday, September 25, 1939.)

INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

MONDAY, SEPTEMBER 25, 1939

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE
UN-AMERICAN ACTIVITIES,
Washington, D. C.

The committee met at 10 a. m., in the caucus room, House Office Building, Hon. Martin Dies (chairman), presiding.

Present: Mr. Starnes, Mr. Voorhis, Mr. Casey, Mr. Mason, and Mr. Thomas.

Also present: Mr. Rhea Whitley, counsel.

The CHAIRMAN. The committee will be in order.

Mr. THOMAS. Mr. Chairman, before we hear the witness, I would like to make an observation and a suggestion.

Based on testimony presented to this committee to date, there can be no doubt but that the officers and members of the Communist Party, U. S. A., and the German-American Bund are violating both the Registration and the Espionage Acts of this Nation. The penalty of such violation in the case of the Foreign Agents Act is a fine of not more than \$1,000 or imprisonment for a term of not more than 2 years; and in the case of the Espionage Act, the penalty is a fine of not more than \$5,000 or imprisonment for not more than 5 years.

In view of the clear-cut testimony showing the close tie-up between the Communist Party and the German-American Bund and their foreign headquarters; and in view of the national emergency which exists, I think it is our solemn duty as a committee of the House immediately to acquaint both the State and Justice Departments with all relating testimony.

I therefore ask that the chairman of the committee request our attorney to transmit all such testimony to the Departments in question without delay.

The CHAIRMAN. The Chair wishes to state that several months ago he transmitted to the appropriate departments all the information we then had, together with a request that these agencies—that is, the German-American Bund and the Communist Party and their affiliated organizations—should be prosecuted under the Registration Act. Since that time the Registration Act has been amended, making it, in the Chair's judgment, more necessary than ever that these organizations be prosecuted as agents of a foreign power.

The Chair personally believes there should be quite a distinction made between freedom of speech allowed to legitimate organizations, on the one hand, and freedom of speech used by agencies and agents

of foreign powers, on the other. There is the line of demarcation, the Chair has ever had in mind. Here is an organization, we will say, that is an agency of a foreign power. Certainly, under no circumstances are we required in the interest of the preservation of freedom to harbor in our bosom known enemies. The wildest construction, the most liberal construction of the Bill of Rights, would not justify us in keeping within our midst, in harboring and encouraging them. But the thing we have got to come to some definite decision on sooner or later, in the judgment of the Chair, is what are you going to do with these agents who are in the Government itself, or in labor organizations, who occupy important positions? We might as well be frank about this. There is no use talking about handling this situation until there is a definite policy pursued by the Government toward them. Of course, that is my own personal opinion.

Mr. THOMAS. These statutes are on the books. One has been on the books for a great many years. We now have an emergency. We have also had plenty of testimony presented to this committee relating to this subject. And I think it is our duty to transmit all of that testimony relating to the subject to both of those Departments.

The CHAIRMAN. The Chair has received information that both the Government and labor organizations are preparing now to clean house. The Chair has been advised from reliable sources that labor organizations are now perfecting plans to compel known Communists—I do not mean those who are falsely accused of being Communists, because we must always bear that in mind—but known Communists are being compelled to get out of labor organizations or to renounce the Communist Party. And so far as the Government is concerned, the Chair is of the belief that the same action is going to be taken by the Government.

Mr. THOMAS. As chairman of the committee, will you instruct the attorney to transmit that testimony to those two Departments?

The CHAIRMAN. Provided the two Departments, of course, want it.

Mr. WHITLEY. We are transmitting it, anyway.

Mr. THOMAS. I think it is our duty to transmit it to them.

The CHAIRMAN. I think we must keep this in mind. There is evidence before this committee definitely that these organizations are agencies of foreign powers. I do not see how anybody can ever have any question any more with reference to that fact from the testimony that we have heard. That being true, are we required to permit them to operate under charters, licenses from States, to collect huge sums of money, to abuse the Bill of Rights for the purpose of building up an espionage or sabotage system in the United States? I think that is a point that has been overlooked by many people in their zeal to preserve the Bill of Rights.

Mr. VOORHIS. In other words, an American citizen has a right to believe freely what he wants about what he may think, mistakenly or otherwise, is best for his country.

The CHAIRMAN. That is right.

Mr. VOORHIS. But when a person does not believe something freely, when the very opposite is really the case and he follows a certain course of action, not out of his own conviction but because he is told to do so by some force or power outside of the United States, that becomes a different matter.

The CHAIRMAN. It is so obvious now, the way in which they have changed their foreign policies overnight.

Mr. VOORHIS. That is right; and the way certain people in America have changed their foreign policy the next night.

The CHAIRMAN. That is what I am speaking of.

Mr. STARNES. Mr. Chairman, I am going to be very, very jealous indeed of the rights of free speech and of free press, and I am willing to endure some evils for the sake of preserving those two very precious and fundamental assets, because without those two there is no democracy. I want us to be very careful in any recommendation we make that we will not do something that, instead of preserving will destroy democracy.

Mr. THOMAS. We are not making any recommendation in this case. All we are doing is asking the attorney to transmit to the Justice Department and the State Department whatever testimony we have on this question which might show that the Communist Party and the German-American Bund are foreign agents.

Mr. STARNES. I agree that that should be done, and I understand it already has been done.

The CHAIRMAN. Very well; let us proceed. Mr. Whitley, you may call your witness.

TESTIMONY OF GERHART H. SEGER, FORMER MEMBER OF THE GERMAN REICHSTAG

(The witness was duly sworn by the chairman.)

Mr. WHITLEY. What is your full name, Mr. Seger?

Mr. SEGER. Gerhart Heinrich Seger.

Mr. WHITLEY. Where were you born?

Mr. SEGER. In Lützes, Germany.

Mr. WHITLEY. When?

Mr. SEGER. November 16, 1896.

Mr. WHITLEY. Have you lived in Germany most of your life?

Mr. SEGER. Yes; I have.

Mr. WHITLEY. Do you have any Jewish blood, Mr. Seger?

Mr. SEGER. No. I am, as they call it now, as Aryan as probably Mr. Hitler, himself, would like to be.

Mr. WHITLEY. What were your political affiliations in Germany, Mr. Seger?

Mr. SEGER. I was a member of the Social Democratic Party in Germany.

Mr. WHITLEY. Were you ever connected in any way with the Communist Party?

Mr. SEGER. No; I never was a member of it nor did I in any way affiliate with any organization of that kind.

Mr. WHITLEY. Have you ever held any official position in the German Government, Mr. Seger?

Mr. SEGER. I was a member of the German Reichstag for four consecutive terms.

Mr. WHITLEY. Those terms were how many years each?

Mr. SEGER. That depended on whether the Parliament was dissolved. I was elected first in September 1930, and I served until I was arrested.

Mr. WHITLEY. Were you a member of any special committees while a member of the Reichstag?

Mr. SEGER. Yes; I was a member of the foreign-relations committee, which at that time was about equivalent to the Foreign Affairs Committee of the United States Senate.

Mr. WHITLEY. As a member of that committee, you had the opportunity to study and observe conditions, world conditions, and their relation to the German Government?

Mr. SEGER. Oh, yes.

Mr. WHITLEY. Were you ever arrested by the German authorities, Mr. Seger?

Mr. SEGER. Yes; once when Hitler came into power, and quite a number of opposing members of the Parliament were arrested.

Mr. WHITLEY. When were you arrested; what was the date?

Mr. SEGER. March 12, 1933.

Mr. WHITLEY. Why were you arrested?

Mr. SEGER. The Nazi Government on February 28, 1933, introduced a special decree called a decree for the protection of State and Nation which introduced the so-called protective custody, meaning that someone could be arrested without any charges brought against him, just for the protection of the Nazi Government itself; and under that provision I was arrested together with, I think, 116 other members of the German Parliament.

Mr. WHITLEY. In other words, you were a political prisoner?

Mr. SEGER. Yes; that is right.

Mr. WHITLEY. When did you first come to the United States, Mr. Seger?

Mr. SEGER. In October 1934 on a visitor's visa.

Mr. WHITLEY. When and where did you first take out your citizenship papers?

Mr. SEGER. After my visitor's visa expired, I went back to Europe, and then I came again as a legal immigrant in August 1935, and I received my first papers in December 1935.

Mr. WHITLEY. Mr. Seger, what have you been doing since you came to the United States; what has been your business?

Mr. SEGER. I have been lecturing a great deal. Three and a half years ago I became the editor of a German democratic weekly in New York?

Mr. WHITLEY. Mr. Seger, why were you willing to appear as a witness before this committee?

Mr. SEGER. Well, I would like to begin this way: My father was a member of the German Constitutional Assembly which, after the war, drafted the Constitution of the German Republic. I followed him into his seat in the German Parliament, and, having seen what happened to the democracy in Germany, since I came over here I felt it my duty at least, in order to repay the United States for its hospitality, to help to prevent anything of that kind happening over here.

Mr. WHITLEY. In other words, you feel that it was your duty to appear here?

Mr. SEGER. Yes.

Mr. WHITLEY. Mr. Seger, since you came to the United States in 1934, have you had occasion to travel extensively in this country?

Mr. SEGER. Well, I have been in 43 States of the Union so far, and I have had the opportunity probably of coming to know more of it than I ever knew of Germany.

Mr. WHITLEY. And during your travels in the United States, Mr. Seger, have you had occasion to observe and study conditions throughout this country?

Mr. SEGER. Oh, yes. Being the editor of a German newspaper, I made it my business to study German-American organizations and relations very carefully.

Mr. WHITLEY. And have you had occasion to contact the German-Americans throughout the United States and to arrive at an estimate of what is their number and attitude?

Mr. SEGER. Well, as far as the number is concerned, that is very hard to say. There are quite different estimates. According to what I have seen in these 5 years, I would venture to make the statement that, taking the first and second generations together, I would judge about seven to eight million German Americans are in this country.

Mr. WHITLEY. During your travels and contacts with these German-Americans, what is your observation as to their attitude, the attitude of this group, in the United States?

Mr. SEGER. Well, it is different in some States like New York and New Jersey, but altogether I would say that about 5 percent of the German Americans are either members of Nazi organizations or sympathizers. The difficulty is that not more than another 5 percent are actively stating their stand on the Nazi issue or taking some part in combating nazi-ism in the United States. Ninety percent of the German Americans, I would say, are either indifferent as far as the Nazi issue is concerned or they are scared to say what they think.

Mr. WHITLEY. In other words, if they are not actually indifferent, they take an indifferent attitude because they are afraid to take any other.

Mr. SEGER. Quite a number of them have lived so much into our American life that they do not care very much about what happens to Germany any more. That accounts for the indifferent attitude of a number of them. But, on the other hand, there is quite some number of German-Americans who are actually afraid either to participate in an anti-Nazi meeting or say that they feel differently about nazi-ism.

Mr. WHITLEY. Mr. Seger, why would a German-American, a citizen of the United States, fear coercion or be intimidated or afraid to state his stand on the issue, if he were opposed to nazi-ism?

Mr. SEGER. Well, most of the German-Americans of the first generation certainly still have relatives in Germany; and that, of course, applies to many of those in the second generation, too. And since the present German Government has quite frequently used the so-called hostage system, they are afraid there might be some repercussions on their relatives over there in case they do anything which displeases the Nazi authorities over here.

The CHAIRMAN. Is it not fair to assume, Mr. Seger—at least, this committee has expressed this very many times—that the overwhelming majority of the German-Americans in this country are loyal, patriotic citizens?

Mr. SEGER. Oh, yes; by all means I would say that.

The CHAIRMAN. Many letters have come to this committee from German-Americans expressing their absolute opposition to nazi-ism and to the German-American Bund, and many of them feel embarrassed by the bund.

Mr. SEGER. Yes.

The CHAIRMAN. They take the viewpoint that the bund is doing them a great deal of harm. And one of the greatest dangers we face in this country is that there is liable to be created an anti-German sentiment throughout the country that might injure good, loyal, patriotic people of German descent. That was certainly true before the last war, and there is a danger that that might happen again.

Do you not think we ought to be very careful, every one of us, to emphasize the fact that we do not have any more loyal, patriotic people in this country than the great, overwhelming majority of the people of German descent?

Mr. SEGER. Oh, yes; that is true. And, if I may quote an example to that effect, on my trip, when I first came to Portland, Oreg., where there is quite a German community, I was approached by an old gentleman by the name of Pederson, who introduced himself as being not only a personal friend of the former German Kaiser, but an ardent admirer of the German monarchy, and he said, "Before the last World War I was entirely on the side of the German Government, and I have never talked to a man like you in my life," meaning that I was a Social Democrat and a Republican in the German sense of the term. "But," he said, "I am anxious for you to know that the great majority of the German community here in Portland has nothing whatever to do with the Nazi organization in this town." And such statements have been made to me practically all over the United States.

The CHAIRMAN. I think that is absolutely a correct analysis of the situation. I do not believe that in any community you will find more than 5 percent of the people of German descent who are Nazis, or who participate in the bund.

Mr. SEGER. That is true. But the trouble is, many people are afraid to say so in public because they have relatives over there and they do not want to make any trouble for them.

Mr. CASEY. Right on that point, may I continue from where the chairman left off? There are a great many German-American citizens who have a natural and understandable sympathy for either their mother country or the country from which their own forefathers came, just as is the case with any other race in this country.

Mr. SEGER. Yes; they have. The trouble is that it is doubted even by many German-Americans who have been far away from the old country for some time, whether the present German Government is actually representing a majority of the German people.

And since the point has been raised by the Nazis, for their protection, that anyone who says anything against Hitler talks against Germany, there are people who do not state their views, although they are anti-Nazi, for fear that it might be interpreted as they are saying something against Germany.

Mr. CASEY. There are also German-American people who fear to express a certain sympathy for Germany because they appreciate that Hitler is unpopular probably in the community in which they live and it might interfere with their own occupations, and so forth; is not that so?

Mr. SEGER. Yes; that is correct.

The CHAIRMAN. As I said before, this hysteria that is built up is unjustified. For instance, I get telephone calls—and I assume other members of the committee do, too—from people saying that so and

so is a German and he ought to be watched. You know how it was before the World War.

Mr. CASEY. I know how it was, Mr. Chairman. I live in a German community and before the World War I saw the hysteria there then. There are no finer people than the German-American people, in my estimation, by and large.

The CHAIRMAN. That has impressed itself upon the Chair, because almost every day some one calls up anonymously on the telephone and says, "There is a certain family that ought to be watched, they are Germans," as if the fact that they are Germans would in any sense constitute them an enemy of this country. It is that which constitutes the greatest danger to any country, and Fritz Kuhn and his bund are doing the greatest disservice to the German-American people of this country that has ever been done them.

Mr. SEGER. I had a very tangible experience to that effect in Boston recently. I addressed a State convention of the Federation of Women's Clubs in Boston, and I explained at great length, as I always do, urging my audience to distinguish between Germans and Nazis. And when I was through, just the same, a lady came up and she said without any preliminary remarks, "I have a German cook, shall I fire her?" Of course, I explained to that lady, "Unless you have evidence that she is a Nazi and she is disturbing your household, or something else, but just because you have a German cook, you do not need to fire her."

The CHAIRMAN. Of course, we have a situation in the United States where we have two minorities; one is a Jewish minority and one is a German minority. The German-American Bund, of course, has spread a great deal of anti-Jewish propaganda. But, as a matter of fact, in my judgment, they are doing more harm, unjustly and unfairly to the German minority, than they are to the Jewish minority.

Mr. SEGER. Yes. And there is one thing which I would like to emphasize at this point. You see, not being Jewish myself, I frequently run into the amazed question, "Why did you suffer in a concentration camp? Why were you arrested? You are not a Jew." As if the Jews in Germany were the only victims of Hitler, which is entirely wrong. In the concentration camp where I was—and that holds true throughout Germany—they were 10 percent Jewish and 90 percent gentiles.

The CHAIRMAN. Any one who was opposed to Hitler was put into the concentration camps?

Mr. SEGER. Of course, naturally.

The CHAIRMAN. Proceed.

Mr. WHITLEY. Mr. Seger, do you know of any specific instances where the Nazi Government has used coercion where it has met opposition? In other words, you stated a moment ago that the reason a great many German-Americans in this country were afraid to express their real views was because they had relatives in Germany?

Mr. SEGER. Yes.

The CHAIRMAN. Do you know of any specific instances where any such coercion has been used or exercised?

Mr. SEGER. Yes. I would like to quote two cases. First of all, if I may be permitted to do so, I would like to quote my own experience. I was arrested in March 1933, and kept for 3 months in jail, and then taken to a concentration camp. After 6 months in that concentration

camp, where I probably would still be, after I had gotten the general idea of it, I managed to escape into Czechoslovakia. Six weeks later my wife, who had nothing to do with politics—she was a former actress—was arrested, together with our daughter who, at that time, was 22 months old, and put in a man's concentration camp, in order to force me to come back; although, after my escape, when I was in Czechoslovakia, I had not opened my mouth for fear that something might happen to my family. I had not made any public statement or anything of the kind which would embarrass the Nazis. I kept quiet. Just the same, they arrested these two people and put them in a man's concentration camp, and probably they would have been there for a long time, but they were released under the pressure of some officials of Great Britain at the time.

Another experience we felt quite recently was with our newspaper. The trouble is I cannot, at least in a public way, say anything about the man in particular. A furniture merchant in Yorkville, in New York City—

Mr. THOMAS. Where?

Mr. SEGER. Yorkville. That is the German part of New York City; he put an ad in our paper for a year. Our manager signed a contract for a year. Then, after the ad had appeared for the first time in my paper, my paper being opposed to the Nazis, this man was visited by a Nazi storm trooper, a member of the bund, and he was asked, "You put an ad in such and such a paper, didn't you?" He said, "Yes; what of it?" So the Nazi got a list out of his pocket, looked it over, and said, "You still have an uncle in Stuttgart, over there, have you not?" He said, "Why, yes." "Well, how would you like him to run into trouble?" So the contract was canceled. And that, of course, I have experienced on many occasions; that there is such an anxiety.

If it is not too much, I would like to quote with reference to a large midwestern university another example. I was talking there, together with an American professor, at a symposium, and there was quite a large crowd there. So we had to wait on the stage a little while before we could get out. And while we were waiting, an employee of the university asked me to follow him because there was a lady and a gentleman who would like to talk to me. He led me into a completely dark corridor where I could scarcely see two people standing there, far from recognizing anybody. And the gentleman stepped up to me and introduced himself as the head of the German department of that university, saying that he would like to have a talk with me. I said, "I am sorry, Doctor, I do not talk to anyone I cannot even see. If you want to talk to me, you have got to come out into the open."

So I went back on the stage and finally when I got out of the university building, there was a car parked right at the curb with the motor running and a man stuck his head out of the window and motioned at me, and he said, "I am the one who asked you; would you mind having a glass of beer in my home?" I said, "No, provided you invite the American chairman," because I always in such a case like to have a witness with me. So on the way to his home, he explained the situation; and that is why I am quoting this instance. He said, "You see, I am not a Nazi. I am an American citizen, since

22 years. So is my wife. But there are two German exchange students on the campus who make it their business to watch every move I make and to watch who I am associating with; and since we both have relatives over there and do not want them to run into trouble, I have to act the way I did."

Mr. WHITLEY. Mr. Seger, you mentioned the fact that following your escape from the concentration camp and your seeking refuge in Czechoslovakia, your wife and 22-month-old baby were arrested and put in a concentration camp: Are they still in a concentration camp?

Mr. SEGER. Oh, no; they are over here. My wife has taken out her first papers now.

Mr. WHITLEY. How did she manage to get out of the camp?

Mr. SEGER. I spoke twice in a large committee meeting in the British House of Commons and Lady Astor, the American-born member of the House of Parliament, got interested in that case and organized an intervention with the then German Ambassador, and upon this pressure they were released and taken to Germany.

Mr. WHITLEY. Mr. Seger, have you had an opportunity to observe and study the policies and activities of the Nazi Party in Germany?

Mr. SEGER. Oh, yes—definitely. As a matter of fact, I have made it my business to such an extent that, after the first few years of Hitler's activity, I came to the conclusion that he was liable to become a very dangerous man. So, as far back as 1927, I published an editorial in the newspaper, where my father was editor, demanding Hitler's expulsion from Germany as an undesirable alien. That is probably why they got me.

Mr. WHITLEY. Mr. Seger, have you also had occasion to observe and study the efforts of the Nazi Government to spread actively their doctrines and political beliefs in other countries?

Mr. SEGER. Oh, yes. I ran into those activities in Switzerland, Sweden, Denmark, Czechoslovakia, Austria, when in it still existed, in France, Belgium, Holland, England, and practically all over Europe.

Mr. WHITLEY. And do you know whether similar efforts are being made by the Nazi Government to spread their doctrines in the United States?

Mr. SEGER. Oh, yes—definitely.

Mr. WHITLEY. Will you explain to the committee the manner in which this is being done by the Nazi Government?

Mr. SEGER. Well, I have prepared a statement to that effect; because, if I may be permitted to read it, I would like to do so, because I have collected for 5 years the documentary proof of it, and it seems to me that in view of previous testimony given to this committee the whole situation ought to be cleared as much as possible.

First of all—

Mr. WHITLEY. Just a minute. Mr. Chairman, in view of the fact that Mr. Seger has to quote German laws and various sections of those laws in order to establish his point, in this instance I think it would be well to let him read this statement; because in the statement, of course, he has these quotations.

The CHAIRMAN. Well, we are very much opposed to that policy; but, in exceptional cases, I see no harm in its being done. But I do not want this to be a precedent.

Mr. WHITLEY. The majority of his statement is made up of quotations from various publications and laws which will establish the point.

The CHAIRMAN. Proceed.

Mr. SEGER. First of all, I think there is one distinction between communism and nazi-ism in one respect. The Communists of the Soviet Government have for a long time maintained that the Third International and the Soviet Government are two different agencies. Of course, that was a fake distinction; but, just the same, it was a matter of policy to make that distinction; whereas Nazis are even more sincere, if I may say so, in that respect, because one can quote one law whereby it becomes evident that any Nazi organization throughout the world is to be regarded as an agency of the German Reich Government and cannot be looked upon as a private organization. This law has been issued on December 1, 1933. It was signed by Hitler and his Secretary of the Interior, Dr. Frick, and the first part reads as follows:

Following the victory of the National Socialist revolution, the National Socialist German Workers' Party has become the exponent of the fundamental idea of the German state and is inseparably united with the State. It is a public corporation.

And the third article of this law establishes this even more. It says—it speaks of the great duties toward “the fuehrer, the nation, and the state” of all members of the National Socialist Party, including its affiliated organizations. There is no limit to this statement as far as affiliated organizations are concerned; no geographical limit, either. It concerns all Nazi organizations the world over. It says in this article any Nazi organization throughout the world is, according to this German new legislation, as a German governmental agency; it represents the German state.

And then, having established this, I wish to meet the statement that is often brought forward as an excuse for the identity between the Nazi government and the German Government does only concern Reich citizens—that means German citizens; in other words, the Nazis of foreign citizenship, although of German extraction, are not included. The Nazis in the United States have tried to make the utmost of their change from the “Friends of the New Germany,” which had among themselves German citizens as well as Americans, to the “American-German Volksbund” which allegedly only accepts American citizens to its membership. This distinction is of no importance whatever, examined in the light of authoritative Nazi statements in Germany.

For instance, in May 1937, the German Nazi organization for Germans abroad, “The League of Germans Abroad,” published a German geographic sketch, edited by Mr. Friedrich Lange. On page 8 of this publication, it says:

We will never call German people who are citizens of foreign countries, aliens, but racial comrades. German people will always remain our racial comrades, even if foreign citizenship is forced upon them, just as members of an alien race can never become racial comrades by means of conversion. We will always remember that we, Germans, are not only citizens of the largest German state, of the German reich, but that we are also racial comrades of more than 30,000,000 Germans outside our borders.

And then a very significant step was taken. This man who was the head of these Germans, of this German League Abroad, Dr. Ernst

Wilhelm Bohle, became German Under Secretary of State. He was made part of the German official Government in order to be able to supervise what German Nazis abroad are doing and see whether they are exactly in line with the German policies. So this man said [reading]:

Loyalty, discipline, and blind obedience are the foundation pillars of every branch of the National Socialist government. The loose contact and the distance in mileage between party comrades abroad, even though the organizations for Germans abroad is a solid unit, render these three virtues more necessary than ever for those of us who are in foreign countries. Therefore we are doing right when we keep our organizations abroad free of all racial comrades who are not ready to adhere to the absolute discipline customary with us.

Mr. THOMAS. Who are you quoting that from?

Mr. SEGER. This is the Under Secretary of State, Dr. Bohle.

Now, I wish to emphasize at this point one fact: When this session this morning was opened the chairman was referring to the espionage law of the United States. It seems to me of the utmost importance that it ought to be kept in mind that all affiliated Nazi organizations abroad are looked upon by the German Government as a reserve from which to draw any assistance they would like to have in any possible field. And since this Under Secretary of State said so expressively that loyalty, discipline, and blind obedience are the foundations of these Nazi organizations abroad, there is, of course, the necessity of looking upon these organizations as a probable recruiting field for these people.

The CHAIRMAN. Well, if it won't interrupt your thought right there, let me ask: Would not, as a matter of fact, the primary purpose of having an organization built up in a country in which you know the organization would, at most, constitute a very small minority and could not make any great headway in the nazification of that country—would not the primary purpose of building it up be to have an intelligence bureau in that country?

Mr. SEGER. Yes; I imagine.

The CHAIRMAN. Because, certainly, from the polls—you take, for instance, the bund—the German Government is certainly advised of the fact repeatedly the polls have shown how unpopular the bund is, and it is making no marked progress through the country. But if they have 100 posts in the United States and if they are loyal to the Nazi ideology, then there would be a potential spy system throughout the country. Is not that the fact?

Mr. SEGER. That is the fact. But I would like to add one more thought to what the chairman just said. I personally do believe the Nazi government enjoys the unpopularity of the bund, because that is a very effective disguise. Everybody is looking upon the bund as different from the German Government, hence something you don't need to pay any attention to, and that makes them all the more secure in whatever they are doing by way of subversive activities.

Now, I don't want to take up too much time, but I have to establish this point one step further. This same man, Dr. Bohle, delivered a speech in Stuttgart on August 30, 1937. That is where the Institute of Germans Abroad is located. And there he said—and this I am only quoting because some Nazis in the United States have stated they are loyal Americans, are only interested in the welfare of the United States Government, but actually they are taught—the membership of these organizations—to look upon foreign citizenship as something con-

temptible, and to that effect I would like to quote just a few lines. Dr. Bohle said:

We Nationalsocialists living abroad reject the concept of such a cosmopolitan German whose chief ambition is to assimilate with the people of the country in which he lives, because this cosmopolitan German not only makes himself ridiculous in the eyes of foreigners, but because he consciously or unconsciously denies his Germandom. We only know the concept of the complete German who, as a citizen of his country, is always and everywhere a German and nothing but a German. This makes him a Nationalsocialist.

And this was further outlined in an article in the Nazi Bund newspaper *Deutscher Weckruf und Beobachter* by Mr. Kuhn himself. On the 22d of April 1937 he printed in this newspaper an article in which he said, and this is only one sentence I quote, but that I feel ought to be emphasized:

We may have various citizenship papers in our drawers, but we are all Germans and part of the great German nation of a hundred million people.

So that is the way he looks upon citizenship.

Mr. WHITLEY. That is Mr. Kuhn's own statement in his own official paper?

Mr. SEGER. Yes. And then, in September of 1937, just a few weeks later, in the official publication of the *Deutsches Auslands-Institut* of Stuttgart, on page 588 of this volume, the secretary of this organization makes the following statement:

Just as the ambassador, the envoy, and the consul represent the Government of our Reich abroad, so is the Nationalsocialist group leader the standard bearer of the foreign organization, the representative of the movement for German reconstruction and German conservation. He is the representative of the German nation abroad. It is his responsibility to make the foreign organization the true home of Germans abroad and to teach them to understand fully the present policy and the future plans of the fuhrer, in spite of distance and in spite of the distorted influence of their environment. The leader of the national group is the guaranty that national socialism will become something that is self-evident to the Germans abroad, just as their Germandom should be, and that the foreign organization of the Nazi Party, on the basis of the decree of the fuhrer of January 30, 1937, will become the foreign organization of the German Reich.

Mr. WHITLEY. Mr. Seger, just one moment there. In that quotation, reference is made to the "Nationalsocialist group leader" abroad?

Mr. SEGER. Yes.

Mr. WHITLEY. Would that designation cover Mr. Kuhn?

Mr. SEGER. Oh, yes.

Mr. WHITLEY. He is the Nationalsocialist group leader in this country?

Mr. SEGER. Yes.

Mr. WHITLEY. And this statement refers to him and all other Nazi group leaders throughout the world?

Mr. SEGER. That is right.

Mr. CASEY. By virtue of what authority is he group leader in this country?

Mr. SEGER. I beg pardon?

Mr. CASEY. By virtue of what authority; by whom requested?

Mr. SEGER. Well, it is a peculiar situation. He still maintains sometimes, at least in the outward appearance, as if his organization is some sort of a democratic institution which elects its president. But, personally, although I cannot prove it, I am convinced he was designated as leader by the Stuttgart Institute. But that is hard to prove, of

course. Since he was over there himself, he may have been told to pick up the reins of this organization. They made a change when they changed from "Friends of the New Germany" to the new "German-American Volksbund"; then he introduced himself as the new leader who was elected by the bund. But, actually, there are no elections in the democratic sense of the term; nor are the announcements of this organization in any way compared with democratic announcements.

For instance, if the leader of this bund says something to his membership, it is always called "the order of the day" in a military fashion. So that there is no democratic procedure at all. This man Kuhn was certainly designated by the German authorities; I have no doubt about it. He is one of the old members of the Nazi Party. I am coming to that later on.

Mr. THOMAS. He was probably designated in the same way as the Nazi leader of Czechoslovakia, or Denmark——

Mr. SEGER. Or any other place. Then I would like to establish that whenever the Nazi organization abroad——

The CHAIRMAN. Before you get past that point, let me inject this: A lot of people say, "Why don't you prove that fact; why cannot you prove it?" They seem to overlook the fact the only way we have to prove that is from circumstances, from circumstantial evidence, which is admissible in any court. You prove a certain given state of circumstances, and from that even a jury has a right to deduce the conclusions. Of course, that is the only way we can possibly prove this agency, is to prove the circumstances.

Mr. SEGER. Yes; it would be, unless you subpoena the leader of the Auslands Institut in Stuttgart and get him over here and ask him, "Did you appoint Mr. Kuhn," and he says, "Yes." Unless you can do that, there is no way of proving it.

Mr. CASEY. I appreciate that difficulty; I simply wanted to get your idea.

Mr. SEGER. Yes; you cannot possibly do it any other way.

The CHAIRMAN. I thought it was wise to make that statement.

Mr. VOORHIS. Are you going to explain the relationship of the Auslands Institut to these other organizations in various countries?

Mr. SEGER. Yes. I just wanted to make one point more clear. Sometimes it is said even that the relationship between the Stuttgart Institut and foreign organizations concerns only the European continent and not the Western Hemisphere and, therefore, I would like to quote one more document. In speaking of a nation of 100,000,000 Germans, as they usually do, it is important to know that the "League of Germans Abroad" does expressively include all Germans without regard to their citizenship of other countries in the Western Hemisphere also. In an official publication called "Germandom in All the World," one of the officials of the Auslands Institut, Dr. Friedrich Lange, said:

Of the 33 million Germans living outside the Reich and claimed as part of the German Nation, this map indicates that approximately 15 millions live in the Western Hemisphere. Of these, 8 millions live in the United States and a half million in Canada.

These Germans abroad, irrespective of their citizenship, are to be influenced by the Nazi organizations, in this country by the American-German Volksbund, in such a way that they become ardent Nazis,

regarding their ties to Germany as much stronger than those to the United States.

Now I am coming to the bund fuehrer, in regard to his activities as far as the education and influencing of its membership is concerned. In the 1937 Yearbook of the American-German Volksbund it is said verbatim:

Every effort in behalf of the German youth is of great importance over there (Germany), since the future of Germandom in America can no longer depend upon new recruits from across the sea. It must find its German future in its own land, and construct it out of its own youth. Therefore, the youth groups of the German-American Volksbund represent a truly great achievement for Germandom. The children's choirs of the glee clubs help perpetuate the German language. Within the next few years the entire unified strength of Germandom will be necessary—

Now comes the part for which I quote that:

* * * in order to check the shrinkage in the German population through the Americanization of its youth.

In other words, it is in its own proclamation that it is the outspoken purpose of the bund to check the Americanization of the German youth of America.

On August 12 the Nazi Party newspaper appearing in Stuttgart, where the German Auslands Institut is located, wrote the following:

And those German-Americans, who for centuries have made only sacrifices for America, who have become the fertilizer for the culture of that country, who were too trusting and honest to mix into politics or to secure rights for themselves and for their folkdom, these Germans today are ready to enlist in the final struggle and to take their place in the political life of America, while preserving their national characteristics and their German "Weltanschauung" in order to exercise a determining influence on the new America. Therefore, the program of the young German-Americans, no matter to which organization or groups they may belong, is: We want to bring the Germans in the United States, who in part have become alienated from the German fatherland and from the German Nation, back to the great community of blood and fate of all Germans. To this end the spiritual regeneration of the Germans after the model of the homeland is necessary.

Mr. VOORHIS. Mr. Seger, may I interrupt just a minute?

Mr. SEGER. Yes.

Mr. VOORHIS. That quotation you gave us about carrying on this work in order to check the shrinkage of the German communities by the Americanization of the youth of German blood, where was that from—from the Yearbook?

Mr. SEGER. That was from the Yearbook of the bund.

Mr. VOORHIS. Is that published in German?

Mr. SEGER. Yes; that is published in German.

Mr. VOORHIS. Is it published in English also, or just in German?

Mr. SEGER. Not as far as I know.

The CHAIRMAN. Just German?

Mr. SEGER. The German language, sir.

Mr. VOORHIS. Can you quite understand why they publish a thing like that?

Mr. SEGER. Well, I have no doubt, if I should be permitted to be frank, that the leading Nazi fuehrers in this country count to a large extent on the fact that they are quite frequently approached by American officials—for instance, I have had such cases with the Federal Bureau of Investigation, as well as the district attorney's office in New York—who do not speak German.

Mr. VOORHIS. Yes.

Mr. SEGER. But rely upon an interpreter. It is a strange fact, but I have experienced that myself, that a gentleman came in to see me who was charged with a certain investigation, and he did not speak German, and he brought papers with him, like the newspaper of the Nazis, and asked me to translate it for him, which I did. And they rely upon their belief that many Americans won't bother to read that stuff and translate it into English, and just let it go at that.

The CHAIRMAN. Well, also, in 1937 the bund was very confident; they made many bold statements that they are not making now; is not that the fact?

Mr. SEGER. That is true. They have got a little scared right now.

Mr. THOMAS. And their activities in this country were different then from their activities now?

Mr. SEGER. Yes.

Mr. THOMAS. Particularly in the camps, like Camp Nordland?

Mr. SEGER. Yes; that is true. I just want to finish this quotation of one sentence, because someone who reads this could well be under the misapprehension that this was primarily a matter of folk songs and promoting the German language, and all that sort of thing. But it says in this Yearbook:

* * * When we have attained this goal we will organize the Germans in order to give them, after the completion of their spiritual regeneration, economic reinforcement and political schooling.

Which, of course, can only mean schooling in Nazi philosophy and dictatorship.

In order not to leave any doubt whatsoever that the German-American Bund is actually the authorized American representation of the German Nazi dictatorship, it is stated verbatim in the same Yearbook:

We stand here as the heralds of the Third Reich, as preachers of the German world viewpoint, of national-socialism which has displayed before the eyes of the world the incomparable German miracle, the miracle of national-socialism.

So in their own words they state they are nothing else but the representation, political and otherwise, of the German dictatorship.

It is obvious that within the mechanism of Nazi propaganda abroad the teachers, students, professors, and school teachers alike have the most important task to perform. May I quote two important documents to that effect?

On December 24, 1936, a decree was published by the Reich Minister of Education concerning trips abroad by university teachers and students. In this decree it is ordered:

I therefore order that all persons subject to my ministry who travel abroad for study, research, or lectures, or for congresses, or similar purposes, shall on their arrival in a foreign country forthwith get into contact with the foreign organization of the Nazi Party and with the branch office of the German Academic Exchange Service, whenever possible. If this be not done a short report of the reasons must be furnished to me.

Mr. VOORHIS. That is from whom?

Mr. SEGER. That is from the Minister of Education, the Reich Minister of Education. In other words, he orders everybody who goes abroad to get in touch with the Nazi representation in that particular country he is going to, so as not to have anyone running around who is not serving his purpose he has particularly announced.

Mr. THOMAS. And I assume, from what you say, that the organization of the Nazi Party here would be the bund?

Mr. SEGER. Yes. While this above-mentioned decree does deal only with those German teachers and students who are still Reich citizens, the Nazi Government has made every conceivable effort to influence also all teachers of Germany history and German language throughout the world. Those who have spent their vacations in Germany were invited to participate in Nazi training, of which I may give a description from a Nazi source, the *Voelkischer Beobachter*, the large Nazi paper in Germany, of which Adolph Hitler himself is the major stockholder. It published an editorial by a man named B. Eichinger, on August 19, 1937—and that now does concern American teachers of the German language, who teach the German language either in the high schools or in the universities and colleges of the United States:

Our teachers abroad, spending their vacations in Germany, shall now themselves experience the national socialist confraternity by the community of camp life; they shall now grow in human comradeship in Taiffingen, on that pretty piece of German land. Here educators otherwise scattered over some dozens of countries, and often separated by thousands of kilometers, will come to know each other, exchange experiences, clarify the common aims and methods of their work, and, above all, experience themselves the rhythm of the new era. They will return to their schools abroad with new knowledge and deepened understanding of the essence of national socialist education, and there they will educate the foreign German youth to be national socialists and the foreign youth—which also likes to attend German schools abroad—to be able members of their nations and at the same time to be intelligent friends of Germanism.

So that an attempt was made and since then has been carried out to get hold of all German-language history teachers, irrespective of their citizenship, to invite them in Germany, where they spent their vacations, to participate in Nazi training. And, of course, having spoken on many campuses of the United States, I know of any number of German teachers at universities who go to Germany every year in the summer and spend their vacation there, and nobody who comes from abroad—and their arrival is usually known—can escape the attempt to influence them in the Nazi way.

While it is perfectly clear to all who read the official publication of the bund, the *Deutscher Weckruf* and *Beobachter*, regularly, and who follow closely the events in the bund camps and the speeches of all bund rallies and meetings, that the American-German Bund is the Nazi representation of this country, the least possible doubt can clearly be eliminated by looking at those issues of the Nazi paper describing the reception of the bund delegation in Germany August 1936.

I understand that the committee has asked Mr. Kuhn about the trip to Germany in 1936, and that he has made it to appear as though it was just an ordinary trip, and that he just went there like any other German-American; that he tendered Hitler a sum of money that had been collected for poor Germans for winter relief, and that it was all very harmless; but in his own paper he gives quite a different description of the trip. The *Deutscher Weckruf* and *Beobachter*, No. 6, of August 6, No. 9, of August 27, and No. 11, of September 10, show in reports and pictures the intimate relationship between the bund, the Reich Nazi Government, the League of Germans Abroad, and its institute in Stuttgart. I understand that the leader of the bund, Mr. Fritz Kuhn, tried in his testimony before this honorable committee to minimize the political importance of the trip of the bund delegation to Germany. He denied having had a previously prepared reception

with the German Chancellor, Hitler, and also denied any relationship between the bund affiliate Ordnungsdienst with the German Nazi storm troopers. In handing to the committee those three issues of the Nazi bund newspaper may I emphasize the contents?

I have here those two issues of the paper, and I shall give them in for the files of the committee, because they prove this visit and the circumstances.

While Mr. Kuhn has stated in his testimony under oath that his visit to the chancellory in Berlin was not prearranged and that all he had to do was to go to his telephone in the hotel in Berlin and ask the secretary of Mr. Hitler for an appointment, Mr. Kuhn's own newspaper in a big story on the front page reports that the visit of the American-German Bund delegation with Mr. Hitler was already arranged when they set foot on German soil in Cuxhaven and when they were received in Hamburg by the commissioner of the city of Berlin, Dr. Lippert. It is furthermore said in the same story that the delegation of the bund and the American German Ordnungsdienst paraded before Hitler, who stood on the balcony of the Chancellory, and that, in expressive military fashion, as a subordinate to a superior, Mr. Kuhn reported to Chancellor Hitler. The bund newspaper runs the report with the by-line of its author, the American Col. Edwin Emerson, and it says—

I would like to quote this both in German and in English, because in German it especially proves that Mr. Kuhn on this trip considered himself to be there as a subordinate of Hitler. The German version is:

Auf dem Balkon der Reichskanzlei stehend, nahm Reichskanzler Hitler den Vorbeimarsch ab, Bundesfuhrer Fritz Kuhn erstattete ihm Meldung.

That means in English—

Standing on the balcony of the chancellory building, Chancellor Hitler watched the parade; Bund Leader Fritz Kuhn reported to him.

I have been in the German army myself during the World War, and I know what in the German sense it means for someone to report. It means in Germany that they report because of that subordinate relationship of blind obedience. As a matter of fact, I shall have occasion to quote later, if I may talk about that, from Mr. Kuhn himself when he reported to a meeting in Los Angeles about these happenings in Berlin. He said that he reported to Hitler about the bund, or the progress the bund had made in the United States, and that the conversation ended by Hitler saying to Kuhn, "Now you go back and continue your struggle."

Mr. VOORHIS. That was a report made back on September 10, 1936?

Mr. SEGER. Yes, sir.

The CHAIRMAN. There is one point, Mr. Seger, on which I think information is sometimes lacking, and I want to ask you about it: The Nazi theory is a world theory like Communism is a world theory. In other words, both are world theories, are they not?

Mr. SEGER. Yes, sir.

The CHAIRMAN. Because Hitler says in his *Mein Kampf* that it is and, also, Karl Marx treated communism as a new world theory.

Mr. SEGER. Yes, sir.

The CHAIRMAN. The only difference is that one contemplates a racial state while the other contemplates a proletarian state, and

the Nazis are really copying the Communist strategy in building up the movement throughout the world.

Mr. SEGER. Yes, sir; that is the fact. I would like to add, however, that the Nazis are quite liberal in the definition of races if their imperialist policies are served by it. For instance, they put the Japanese people in the Aryan race, although, according to their own books, they are not quite as Aryan as the Germans.

Mr. STARNES. I tried to pin Mr. Kuhn down on that point as to the Aryan race in Asia. I asked him the specific question, and tried to tie him down to a definite answer.

Mr. VOORHIS. I suppose the Poles and Czechs are going to be German now.

Mr. SEGER. Yes, sir. With the Poles, it was this way: As long as Hitler maintained a treaty of friendship between Germany and Poland, they were respectable and excellent people, but since they denounced the treaty and began to make war on them they were pictured in the German papers as an inferior race.

The CHAIRMAN. They make use of that like the Communists make use of the proletariat. In other words, it is anything that is expedient at a given time.

Mr. SEGER. Yes, sir.

The CHAIRMAN. What I want to ask you is this, because charges have been made that, while you were in Germany, you were either affiliated with or were sympathetic with the Communist Party: That propaganda has been spread throughout the country?

Mr. SEGER. Yes, sir.

The CHAIRMAN. What are the facts with reference to that?

Mr. SEGER. With reference to that, I want to say this: The Socialist Democratic Party, to which I belonged, was like the ruling party in Norway, Sweden, and Denmark. Both parties favor public ownership of utilities and natural resources, but they would never achieve anything of that kind unless it was in a democratic way by the vote of an overwhelming majority of the people, as in Sweden. In other words, it was a party which Americans would describe as a party of the middle way.

The CHAIRMAN. It was a party to abolish private ownership of public utilities?

Mr. SEGER. Yes, sir.

The CHAIRMAN. It advocated State ownership of public utilities and natural resources?

Mr. SEGER. Yes, sir. For these reasons, we have always been in very hostile relationship to the Communist Party in Germany. As a matter of fact, when we had our so-called revolution in 1918 and 1919, the people killed by the Communists in the uprising in Berlin were not members of the family of the Kaiser or the former ruling groups in Germany, but were members of the Socialist Democratic Party. We have had riots and fights with them in the German Reichstag. It is a strange relationship. The Communist Party in Germany has voted along with the Nazi Party on numerous occasions.

The CHAIRMAN. They have admitted it?

Mr. SEGER. Yes, sir.

The CHAIRMAN. They were a contributing factor in the triumph of Hitler?

Mr. SEGER. Yes, sir. They instituted a plebiscite in order to do away with the third party, in which they participated. The Communist Party issued an appeal and participated in that plebiscite with the Nazis.

Mr. VOORHIS. I believe you said that the bitterest contest in Germany during those years was between the Socialist Democratic Party and the Communist Party?

Mr. SEGER. Yes, sir.

Mr. VOORHIS. And when the Russian revolution began to liquidate people similar to the Socialists, that did not help much?

Mr. SEGER. No, sir.

Mr. CASEY. That party was middle way between the Russian form of dictatorship and the Nazi form of dictatorship?

Mr. SEGER. No, sir; it is almost middle way between extreme communism and extreme capitalism. It is an economic term rather than political.

The CHAIRMAN. That is the philosophy of the Social Democrats throughout the world?

Mr. SEGER. Yes, sir.

The CHAIRMAN. Approximately how many Communists were there in Germany when Hitler came into power?

Mr. SEGER. When Hitler came into power there were 89 Communist members of the Reichstag out of a total of 576; 576 represented the total membership and 89 of them were Communists.

The CHAIRMAN. From the standpoint of the population, what proportion were Communists? What proportion of the population were Communists?

Mr. SEGER. Out of a total electorate of 44,000,000 people, the highest figure they ever got was 5,800,000 votes, or about one-seventh of the whole electorate.

The CHAIRMAN. Not that many ever registered?

Mr. SEGER. No, sir. As a matter of fact, of all German political parties, the Communist Party had the worst proportion as between the electorate or voters and members of the party.

The CHAIRMAN. What was their party membership in Germany?

Mr. SEGER. Around 400,000, or less than one-tenth of their voting power.

The CHAIRMAN. With a party membership of 400,000 they were able to cast as high as 5,000,000 votes?

Mr. SEGER. Yes, sir. That fact was due to the economic crisis, and was a result of general dissatisfaction and the desperate unemployment condition.

The CHAIRMAN. As a result of their strategic position as a party, they were able to thwart the aims and policies of the Democratic Party membership in the parliament?

Mr. SEGER. Yes, sir.

The CHAIRMAN. On numerous occasions they threw their support to the Nazi group, which facilitated the rise of Hitler into power in Germany?

Mr. SEGER. Yes, sir.

The CHAIRMAN. I want to ask another question in that connection, and I think you would be in a better position to give the answer than, perhaps, anyone else: What was the greatest single factor in the spread

of nazi-ism in Germany? Your Social Democratic Party was a progressive party, was it not?

Mr. SEGER. Yes, sir.

The CHAIRMAN. Did not that party put into effect many social reforms in Germany?

Mr. SEGER. Yes, sir.

The CHAIRMAN. Did not the Social Democratic Party go into such things as unemployment insurance, old-age pensions, and so forth?

Mr. SEGER. Yes, sir.

The CHAIRMAN. In an effort to meet the needs of workers?

Mr. SEGER. Yes, sir.

The CHAIRMAN. Was not your party not only the leader in that movement in Germany, but in the world?

Mr. SEGER. Many people say so.

The CHAIRMAN. That is generally credited to you, as I understand it.

Mr. SEGER. Yes, sir.

The CHAIRMAN. You did put into effect many important reforms in Germany?

Mr. SEGER. Yes, sir.

The CHAIRMAN. During the time you tried to be a republic, what was the greatest single factor that brought about the rise of Hitler?

Mr. SEGER. In order to give a very concise answer to that, I would say you would have to go into it by way of percentages. What was causing Hitler's rise to power, I would say was this, that 30 percent of Hitler's success was due to the Treaty of Versailles, and the policy of the former allied powers towards the German Republic; that another 30 percent of Hitler's success was due to the fact that democracy in Germany was something very new. If I may say so, our declaration of independence did not date from 1776, but it went back to 1919, or a difference of 150 years. The remaining 40 percent of Hitler's success was due to the fact that they were probably in a more desperate situation and were in a worse economic crisis than was true of any other country. In that very year we had more than 7,000,000 unemployed men, and that was the time in which Hitler scored his first great success, in September 1930.

The CHAIRMAN. Did the other democracies during that period when you were struggling to make a success of the republic do anything to help Germany succeed as a republic, or were their policies directly the opposite?

Mr. SEGER. They did not help us.

The CHAIRMAN. They did not help Germany in making a success of it?

Mr. SEGER. No, sir. The only real assistance we got in settling some of the questions under the Treaty of Versailles was in those two efforts for the settlement of the question of reparations. That was through the help of the American people, through the Dawes plan and the Young plan. Those were the only occasions when we got any considerable help in the settling of foreign problems.

The CHAIRMAN. You were a member of the Foreign Relations Committee, and I want to ask you whether, if, as a matter of fact, the democracies, or the world democracies, had really assisted Germany during that crucial period, would Hitler have ever come into power?

Mr. SEGER. I do not think so.

The CHAIRMAN. When he first came in he was treated more as a joke, was he not?

Mr. SEGER. Yes, sir.

The CHAIRMAN. No one ever seriously thought that he would ever get arbitrary power in Germany?

Mr. SEGER. No, sir; he was looked upon as a local political comedian in Munich.

The CHAIRMAN. It was a slow process that led them into it?

Mr. SEGER. Yes, sir. In 1930 Hitler had only 13 representatives in the German Reichstag out of a total of 497. It was only a small group.

Mr. VOORHIS. In other words, would this be an accurate thing to say: As I understand it, the Social Democratic Party never had a majority, and never organized the Government, and it was always a coalition Government?

Mr. SEGER. Yes, sir.

Mr. VOORHIS. Consisting of a number of parties in the center?

Mr. SEGER. Yes, sir.

Mr. VOORHIS. This administration in Germany was always compelled to go before the German people and try to persuade the German people to accept the very heavy terms of the Treaty of Versailles?

Mr. SEGER. Yes, sir.

Mr. VOORHIS. And in the eyes of their own people, they were confronted with a terrific handicap?

Mr. SEGER. Yes, sir.

Mr. VOORHIS. In addition to that, while you were putting on the statute books such statutes as the 8-hour day, unemployment insurance, and those things, due to the heavy burden imposed by the treaty, you never actually succeeded in reducing the volume of unemployment, so that you constantly had a number of people who were on the edge of destitution because of the functioning of the economic system?

Mr. SEGER. Yes, sir.

Mr. VOORHIS. And, of course, those people, in their desperation——

Mr. SEGER (interposing). They became a prey for Hitler. They were ready to listen to radical dogmas.

Mr. VOORHIS. Do you have any evidence of a substantial nature to the effect that the Communists, either Russian or German, gave any practical assistance to Hitler at the time he came into power?

Mr. SEGER. Do you mean financial assistance?

Mr. VOORHIS. Or in any other way.

Mr. SEGER. No, sir; not financial assistance. I do not have any evidence to that effect. Yes, sir; I can mention one thing: In February 1933 Hitler was already temporarily appointed chancellor. According to our constitution, he was appointed chancellor by the President to form a cabinet. If he succeeded, he had to go before Parliament and ask for a majority vote of confidence. Until that happened, he was temporarily chancellor to run the business of the Government. During that time, the Social Democratic Party, the Liberal Party, and the Catholic center wanted to find a way to get Hitler out of office, but the Communist Party, through the German proletarian representatives, refused to join in such a struggle for

preserving democracy in Germany by getting Hitler out of the way, because they said he would only last 6 weeks, and then "we will have caused a revolutionary situation in Germany, and we will be able to establish a Soviet dictatorship."

Mr. VOORHIS. Then, out of that confusion, or as a result of that action, Hitler came into a power that he would not have had under a democratic regime?

Mr. SEGER. Yes, sir.

The CHAIRMAN. In that connection, Hitler's appeal was always to the workers of the nation, was it not?

Mr. SEGER. No, sir.

The CHAIRMAN. He despised the middle class, did he not?

Mr. SEGER. No, sir; I would not say that. His first support was from the middle class of people. He promised them a lot, but he did not live up to his promises. One reason I know that he gained his position within the Nazi Party and then gained his way to the dictatorship was because of his former adherence to the middle class. He promised to smash the big department stores, but did not do it.

Mr. STARNES. It was a sort of anti-chain-store idea?

Mr. SEGER. Yes, sir; he promised to do that, but he did not.

Mr. STARNES. How did he obtain his power? Did he do it by force, or did he do it by beguiling and bewitching the parliamentary body into granting him certain powers?

Mr. SEGER. He did it first by threat of force. He was actually appointed Chancellor. It was a perfectly legal appointment. When the old president, Von Hindenburg, appointed Hitler as Chancellor, it was within the prerogatives of his office. Then he was supposed to form a cabinet which would have the support of a majority in Parliament. He did not have that majority, and for that reason, relying upon the storm troopers, he ordered the elimination of a sufficient number of members of Parliament in order to turn his minority into an artificial majority.

Mr. STARNES. And then they voted him into power?

Mr. SEGER. Yes, sir.

Mr. STARNES. So he chose to do it by a peaceful revolution rather than by a bloody revolution?

Mr. SEGER. Yes, sir.

Mr. STARNES. He did it by purging his opposition, thereby establishing a majority which would give him the power he wanted?

Mr. SEGER. Yes, sir.

Mr. STARNES. And when they gave him the powers he wanted, he became dictator.

Mr. SEGER. There was a bloody struggle by the Nazi Party in Germany by having street riots that coerced the population.

The CHAIRMAN. You had this situation in Germany: You had one Nazi group, and the Communist group was the other, and each one thrived on the other's opposition. Each one really welcomed the activities of the other, because it gave some excuse for existing?

Mr. SEGER. Yes, sir.

The CHAIRMAN. That is why these parties are a serious threat in the United States. If you have two radical groups of that kind they become a serious menace.

Mr. STARNES. Yes; plus the surrender of legislative power.

Mr. WHITLEY. At this point I would like to make specific reference to certain portions of Mr. Kuhn's testimony. Mr. Seger, while testifying before this committee under oath, Mr. Fritz Kuhn, the leader of the German-American Bund, was being questioned with reference to a meeting with Hitler in Germany. At that time this question was asked him:

Who arranged the conference with Mr. Hitler for you?

To that question Mr. Kuhn replied as follows:

Practically nobody. I went there and that is all. I went into the office and asked the secretary if I could see him.

Upon further inquiry he stated in answer to this question—

You did not have to have any representations made for you by the American Ambassador or the officials of the German Government? All you did was to go to Mr. Hitler's office and tell the secretary who you were?

To that question Mr. Kuhn replied:

I did not even mention my name, because my name did not mean anything.

Do you care to comment on that?

Mr. SEGER. That statement of Mr. Kuhn's is certainly not true. In his own paper, *Weekruf Und Beobachter*, he reported repeatedly himself that an American colonel named Emerson, who is one of the contributors to his paper, told him that it was arranged with Hitler when he landed in Germany. He was told, as coming from Mr. Hitler, that it was arranged for him to talk.

Mr. WHITLEY. He was fulfilling an engagement?

Mr. SEGER. Yes, sir.

Mr. WHITLEY. Further, in the course of his testimony, Mr. Kuhn was asked whether his conversation with Hitler touched upon the achievements of the bund in the United States, and in answer to that question, Mr. Kuhn said "No."

Mr. SEGER. That is not true. That statement of Mr. Kuhn's is not true. In Mr. Kuhn's own newspaper, *Weekruf Und Beobachter*, issue of December 10, 1936, there is a report given of a speech made by Mr. Kuhn himself in San Francisco on November 18, 1936. In this report it is stated that Mr. Kuhn described the reception in the chancellery in Berlin as the high light of the whole trip to Germany, and about the conversation held, with Mr. Hitler saying to the American delegation, "Now you go back and continue your struggle."

Mr. VOORHIS. Is that a direct quotation?

Mr. SEGER. Yes, sir; it is literally translated.

Mr. WHITLEY. That is from his own publication?

Mr. SEGER. Yes, sir; from his own speech. It is quoted from his own speech, as published in his own paper.

Mr. CASEY. It was never difficult for an American citizen to get an audience with Hitler before the war started, was it?

Mr. SEGER. Yes, sir; it was difficult. It was exceedingly difficult. There are just a few choice American correspondents to whom Hitler but rarely grants interviews. Otherwise, there is very little opportunity for any foreigner to see Hitler. Even diplomatic representatives are constantly complaining that it is impossible to see any of those gentlemen whom you would call in American language "big shots."

MR. STARNES. They even had difficulty 30 days or 6 weeks ago in seeing him?

MR. SEGER. Yes, sir.

MR. WHITLEY. In the course of his testimony, Mr. Kuhn was asked about the Ausland Institute in Stuttgart, which is the national headquarters of the League of Germans Abroad. At that time, Mr. Kuhn stated that he knew very little about it, that it was a Nazi Party institution only dealing with the Nazi members, and that he had nothing to do with it. Would you comment on that testimony?

MR. SEGER. That statement by Mr. Kuhn is not true. In his own newspaper, *Weckruf Und Beobachter*, No. 11, of September 10, 1936, in a lengthy report dated from Stuttgart August 25, it is described how the delegation of the American-German Bund was received in Stuttgart on August 22 by one of the trustees of the Ausland Institute, the lord mayor of Stuttgart, Dr. Strelein, who expressed his satisfaction that the American-German Bund delegation was visiting the institute. The leader of the institute, Dr. Czaki was present at that representation of the American delegation, and also the leader of the Germans abroad, Dr. Bohle.

Repeatedly, Mr. Kuhn's newspaper *Weckruf Und Beobachter* has reported favorably in great detail about the activities of this institute of which he stated in his testimony he knows nothing about.

Just one more example: In volume 2, number 19, issue of November 5, 1936, second page of Mr. Kuhn's newspaper *Weckruf Und Beobachter*, in a dispatch from Rome, covered under the caption "Germans Abroad and Germans in the Reich Belong Together," Mr. Kuhn refers in detail to a speech by the Undersecretary of State, Dr. Bohle, head of the League of Germans Abroad in which Dr. Bohle declared, as leader of the League of Germans Abroad and under his responsibility over all Germans outside of the German boundary lines, that he looks upon the Germans abroad—

with the sentiment of happy certainty that the Germans abroad are joining more and more the great commonwealth of Hitler. The Germans abroad can only be Germans if they are National Socialists. If that would not be so, then there would be a cleavage separating Germany from her Germans abroad. To create this accord is the task of the organization of Nazis abroad.

The Nazi yearbook of the bund in 1937 contains a long word of thanks that the institute furnished all kinds of material for this yearbook, to make this yearbook particularly rich.

MR. STARNES. Will you identify this publication which is in the yearbook?

MR. SEGER. Certainly. This word of thanks is signed by the man who was the business manager of Kuhn's newspaper, Wintershield. It is a statement that he was very thankful to the Stuttgart Institute for submitting this material.

MR. STARNES. We need that, because this witness, Mr. Kuhn, repeatedly stated, under oath, denied, under oath, that there was any connection, and a strenuous effort was made by the committee to ascertain that fact, and he repeatedly denied that there was any connection between the Auslander Institute and his bund, and that there was any connection between the National Socialist Party and that organization.

MR. SEGER. That is not true.

MR. WHITLEY. You say, according to his own publication, the bund delegates visited that institute and were royally received.

Mr. SEGER. Yes.

Mr. WHITLEY. That is in conflict with Mr. Kuhn's statement that he knew little or nothing about it.

Mr. THOMAS. Did Mr. Kuhn submit the proof that he was going to send to us?

Mr. WHITLEY. He has not submitted it; I have written him twice and he has not acknowledged receipt of either letter.

Mr. THOMAS. That is, proof about the statement he made in reference to Barney Baruch.

Mr. WHITLEY. That is right.

And also his promise to submit a list of the locations of bund posts, with the names of the leaders.

Mr. THOMAS. What was the date of the last letter?

Mr. WHITLEY. The first letter was written within 2 days after he testified, and the second letter was written about 2 weeks ago. They were both sent by registered mail, with a request for return receipt, so I know he received them.

Mr. THOMAS. And there has been no answer?

Mr. WHITLEY. No response.

Mr. SEGER. I could submit all these statements because I collected them for this purpose which show all the connections.

Mr. STARNES. Mr. Chairman, in view of the fact that Mr. Kuhn made these statements, and we seem to have definite, positive proof that they were untrue, I think some action should be taken, and some report should be made by the chairman of the committee to the proper authorities, in order to see whether or not this man can be called to account for perjury.

I want to make another statement: I think in view of the statement just made by the counsel that Mr. Kuhn has not furnished this committee with that list showing the locations of the bund groups in this country and their officers, after he promised that he would do that, we should bring him back before this committee and ascertain why he has not furnished this information. It seems to me he is in contempt of the committee and that he should be called back here and required to furnish the information, and I so move.

Mr. VOORHIS. I second the motion.

The CHAIRMAN. That seems to be the unanimous opinion of the committee. However, we have one or two more witnesses in connection with this matter and it might be well to hear them before we have Mr. Kuhn back.

Mr. STARNES. I want to broaden that motion. I do think we should have Mr. Kuhn's secretary, Mr. William Kunze, and have him also to furnish information.

The CHAIRMAN. Then we can certify the record to the district attorney's office on the question of perjury.

Mr. WHITLEY. I think it would be a good idea, Mr. Chairman, for Mr. Seger to let us have the original publications in which these quotations or articles appeared, and to mark those so we will have the original papers.

Mr. STARNES. Mark them and give us a literal translation.

Mr. SEGER. Yes; I will.

Mr. WHITLEY. Also, Mr. Kuhn can be questioned about the statements in his own paper; and then, in connection with this testimony, he can be asked if he made certain statements which are absolutely

contradicted by his own statements in his newspaper, and if the committee determines that he has perjured himself, in the light of this testimony, we can certify the facts to the grand jury and request an indictment for perjury.

Mr. VOORHIS. Have you the yearbook for 1937?

Mr. SEGER. I have not it with me; I have it in my office in New York and you can have it.

Mr. WHITLEY. In the course of his testimony, Mr. Kuhn was asked by the chairman whether the orderly division of the German-American Bund has any similarity to the Storm Troopers and Black Shirts in Germany, and Mr. Kuhn denied that there was any similarity.

He was also asked whether the Storm Troopers and the Black Shirts in Germany keep order at meetings, and Mr. Kuhn said he never was in such a meeting. In other words, he stated he had never attended a Nazi meeting in Germany, so he did not know whether Storm Troopers there maintained order or not.

Will you comment on that?

Mr. SEGER. Both statements are not true. I have attended many Nazi meetings in Germany, and some of my campaign meetings, and I have been disturbed by Nazis. I have attended Nazi meetings here, so I know Storm Troopers did function. I have attended meetings in Elizabeth, N. J., and in Union City, N. J., where a Nazi orderly division was set up to the last detail, and how they divided the room into two columns and stood there along the hall, facing each part of the audience, facing part of the audience on the outer walls, facing the audience from the side, and in every single detail the whole appearance of the orderly division is exactly like the Storm Troopers in Germany.

Furthermore, among these newspapers is one where it is described in detail, the paper of August 27, 1936, how Kuhn was addressing a Nazi meeting in Germany, in which a picture is given, which was guarded by Black Shirts and Storm Troopers.

Mr. WHITLEY. So, if Mr. Kuhn denied that the orderly division of this country was modeled after the Storm Troopers of the Nazi Party in Germany, and his statement was that he had never attended a Nazi meeting patrolled by Storm Troopers; those statements were incorrect?

Mr. SEGER. Yes.

Mr. CASEY. Mr. Seger, as to that picture, was Mr. Kuhn photographed in that picture?

Mr. SEGER. Yes.

Mr. CASEY. He is right there in the picture?

Mr. SEGER. He is right there.

Mr. WHITLEY. In the course of his testimony Mr. Kuhn was asked by Mr. Starnes whether the German-American Bund delegation was marching when they visited Germany. Mr. Kuhn denied that they were marching under the Swastika flag. Will you comment on that?

Mr. SEGER. Yes; there is a picture right here which shows it [indicating].

Mr. THOMAS. That picture is right in his own paper?

Mr. SEGER. Yes.

Mr. WHITLEY. That is a picture in Mr. Kuhn's paper of the German-American Bund delegation marching. The date is August 27, 1936, showing the delegation marching under the Swastika.

In the course of his testimony before this committee Mr. Kuhn stated repeatedly that the bund is an American organization, concerned with American politics only, and that its members are always told to respect the American Constitution and American ideals. Could you comment on that for the committee?

Mr. SEGER. In October 1936—I am glad to hand this paper to you, too, was an editorial written and signed by Mr. Kuhn, written under the caption, "What Are We? German-Americans or American-Germans"? He explains why they took the name American-German Folks' Bund, and in this editorial Mr. Kuhn stated as follows:

If we prefer the terms American-German to the term German-American, we do so for the same reason for which the former German-Russians called themselves Russian-Germans; the German-Brazilian Brazilian-Germans, namely for the reason that we are, first of all, Germans in race, in blood, in language. We belong to the great commonwealth of all German peoples on this earth. By obtaining other citizenships we have not lost our German character. We remain what we were: Germans in America, American-Germans, because we did not become Americans by taking out the second papers. We became citizens of the United States of America consisting of 48 States—

Then he expresses his contempt for that citizenship and he says—
and this citizenship we participate in with Negroes, Chinese, and people of almost all nations of the earth.

May I submit that?

Mr. WHITLEY. Have you any further comment with reference to that same subject matter?

Mr. SEGER. Yes; Mr. Kuhn had delivered a speech at Camp Nordland, which is in the same strain. That was in his newspaper on May 5, 1938, and he said:

Our relationship to Germany has remained unchanged. The present attitude of our homeland being the new creed of it, does find our complete agreement. In reviewing the aims of our bund it is necessary to point out time and again that it is not the intention of our movement to import the national socialism as practiced in Germany to this country. However, we have no reason to depart from looking upon most of these points of the program of the new German Weltanschauung as practicable in the United States, too.

Mr. VOORHIS. Where is that from?

Mr. SEGER. That is in his speech delivered on May 1, 1938, at Camp Nordland.

Mr. VOORHIS. Where is that report?

Mr. SEGER. In his paper.

Mr. VOORHIS. You have a copy of it?

Mr. SEGER. Yes; I can give that to you. Here it is [presenting paper].

Mr. WHITLEY. Have you anything further from Mr. Kuhn, any statement that would contradict his testimony before this committee?

Mr. SEGER. You will find in this paper reporting about the German Day on Long Island.

Mr. THOMAS. What is the date of that paper?

Mr. SEGER. That is August 29, 1937—no; that is date when the German Day was held, and then that report in his paper is on September 2, 1937. After Mr. Kuhn had delivered his official address, the following scene took place that is described in his paper:

Many thousand arms were stretched out in the German greeting. Snappy commands were heard across the formations, one moment of solemn silence, and then the German national anthem Deutschland Deutschland Ueber Alles was

roared: The band was playing it, the mass of the people were singing it enthused and inspiring a picture of forceful impression. Then Klara Schlieffon, our German actress and radio announcer recited the Greeting of the Fuehrer: from the depth of her soul she expressed the greeting to Germany and to the great leader of the German people: her deeply moving recital, the spoken and greeting word became an experience, it attracted even those who were keeping themselves still apart, and finally the music began the national anthem of the German people of the Third Reich: Die Fahne hoch, die Reihen fest geschlossen.

That is the Horst Wessel Song.

Mr. WHITLEY. In the course of his testimony before this committee Mr. Kuhn denied having participated in the so-called Beer Hall Putsch in Munich on November 9, 1923, stating he had already left Germany at that time. Will you comment on that?

Mr. SEGER. Yes. There is testimony against testimony. He testifies that which Mr. Whitley just read before the committee, but in his own newspaper it is said otherwise. In his paper of December 30, 1935, he is introduced to his followers as the new leader of the bund, with a big picture of his on the front page, and underneath his picture it says:

When on November 9, 1923, in front of the Feldherrenhalle in Munich, Bavarian police shot at the Nazis marching under the leadership of Hitler and Ludendorff, Kuhn was among the marching Nazis.

Mr. WHITLEY. The incident referred to is what is known as the Beer Hall Putsch?

Mr. SEGER. That is right.

Mr. WHITLEY. I believe he also stated he was never identified in any way with the Nazi Party prior to his departure from Germany. That same quotation would seem to indicate that that is not true.

Mr. SEGER. Yes; in this picture it says:

Mr. Fritz Kuhn became a member of the Nazi Party in 1921 and was active under the then Munich police commissioner, one of the first leading Nazi officials. Dr. Poehner.

Mr. STARNES. Are those quotations from his own official newspaper?

Mr. SEGER. That is right.

Mr. WHITLEY. As I recall, Mr. Kuhn very positively denied the simple statement that he had participated in the Beer Hall Putsch, and, second, that he had been identified with the Nazi Party before he left Germany.

Mr. Seger, in the course of his testimony before this committee, Mr. Kuhn denied that he was ever arrested in Germany or was ever engaged in any unlawful activity. He also made this statement in his own newspaper of June 8, 1939, in which he was dealing with charges brought against him by the district attorney of New York, and Mr. Kuhn said in this statement:

Contrary to public statement, I have never in this country, in Germany, or elsewhere, been in conflict with authorities.

Can you comment on that statement?

Mr. SEGER. Yes; that statement is not true.

In 1921 Mr. Kuhn was convicted and sentenced to 4 months' imprisonment for petty theft. He had ransacked the pockets of the overcoats of his fellow students in the university building of Munich. When he was released from jail it was difficult for him, as a former convict, to find a position. Upon the urgent request of his parents, a Jewish friend of the family by the name of Mr. Reinhold Spitz, took him into his warehouse. Mr. Kuhn rewarded the old friend

of his family and his benefactor, by stealing merchandise in the value of 2,000 marks. It was only upon the urgent request of Mr. Kuhn's parents that his benefactor refrained from notifying the police, and Mr. Spitz discharged Mr. Kuhn; his last good deed to the family by Mr. Spitz was that he participated in setting up a fund in order to send Mr. Kuhn abroad to Mexico.

Mr. THOMAS. On that point, can you tell the committee for the record the source of this information?

Mr. SEGER. Yes; it is Mr. Spitz, his former employer, who is here in the United States as a legal immigrant, and he is willing to testify. As a matter of fact, I know he has been in contact already with the district attorney's office in New York.

Mr. THOMAS. The district attorney is aware of this particular information?

Mr. SEGER. Yes.

Mr. WHITLEY. I have Mr. Spitz's affidavit, and he will be called later.

Mr. SEGER. I must rescind that particular part and say on that that the district attorney was not aware of that information, that he transmitted this part of the testimony to the district attorney.

Mr. WHITLEY. We have an affidavit. Mr. Spitz is well known to you?

Mr. SEGER. Yes; he is.

Mr. WHITLEY. Mr. Seger, have any public statements been made in the United States concerning Mr. Kuhn's criminal record in Germany?

Mr. SEGER. Yes; I published it in my own newspaper in April of this year, and nothing happened.

Mr. WHITLEY. Has he brought any suit against you or your paper for libel?

Mr. SEGER. No; we invited him to, but he never did.

Mr. WHITLEY. Has he threatened to do it?

Mr. SEGER. No.

Mr. WHITLEY. Did he make any denial in his own paper?

Mr. SEGER. No; he kept perfectly quiet about his past.

Mr. WHITLEY. He made no denial in his paper of articles in your paper concerning his criminal record in Germany?

Mr. SEGER. Yes; that is true.

Mr. WHITLEY. You read his paper carefully?

Mr. SEGER. Oh, yes; I have to.

Mr. WHITLEY. Although, as I understand it, Mr. Kuhn has brought numerous libel suits against various organizations in this country, he made no attempt to sue you or your paper for publishing his criminal record in Germany?

Mr. SEGER. None whatever.

The CHAIRMAN. There is one question I want to ask you about. You have given us a pretty good idea as to what brought about the rise of Hitlerism. What part did Jews play in it? We hear a great deal to the effect that Jews had practically a monopoly on all the lucrative business in Germany. What are the facts?

Mr. SEGER. No; first of all, the Jewish minority in Germany are very small. They have in all Germany less than one-fifth of the Jewish population you have in New York City. Our Jews numbered exactly 508,000, less than 1 percent of the population. The Jewish

people, I would say roughly, were 80 or 90 percent of middle-class people, lawyers, teachers, physicians, and so forth.

Quite a number of them were in the newspaper business, but the fact that so many Jews in Germany, comparatively speaking, were in these professions was due to a 500-year-old law in Germany prohibiting Jews to either own land or engage in manual labor, or develop farms. So the Jews were confined for 500 years, to 1812, to engage only in trade and finance and in the professions.

Furthermore, I would say that Jews in Germany were rather of the simulationist kind. They were actual Germans; they felt as Germans, and most of the Jews were very much astonished when they were suddenly looked upon as Jews, because they considered themselves Germans. As a matter of fact, they had a higher percentage of Jews who died in the war, in active service, than others, comparatively speaking.

The CHAIRMAN. Then this anti-Semitism was a false cry?

Mr. SEGER. Yes; and it was actually some sort of an artificial creation; the German people did not share that.

The CHAIRMAN. The anti-Semitism issue raised by Hitler was for the purpose of gaining adherents, or did gain many adherents, to that course?

Mr. SEGER. Of course, each trained physician who felt the competition of his Jewish fellows was eager to get rid of them by subscribing to Hitlerism.

The CHAIRMAN. That was true with reference to other professions?

Mr. SEGER. Yes.

The CHAIRMAN. That was not the determining factor; that was only a symptom; it was more of a symptom of something that was deeper.

Mr. SEGER. Yes; it was.

The CHAIRMAN. Did you have any newspaper experience in Germany?

Mr. SEGER. Yes; I am a typesetter by trade, and I worked my way up to editor of a daily paper in Germany.

The CHAIRMAN. While you were a member of the Reichstag?

Mr. SEGER. Yes.

The CHAIRMAN. Where was that?

Mr. SEGER. That was in the town of Dessau; my constituency was in Magdeburg.

The CHAIRMAN. Hitler never at any time had a majority, did he?

Mr. SEGER. No.

The CHAIRMAN. It was the case of an organized minority being able to outmaneuver a disorganized majority; was that not practically what it was?

Mr. SEGER. Before he came to power, and when he actually came to power, he was already about on the decline; the highest figure he reached was 42 percent of the vote on the third of July 1932, a whole year before he came to power. As a matter of fact, he had lost a little over 10 percent of his vote at the election which actually brought him later into power.

The CHAIRMAN. The tragedy of it is that he has been able, through a minority organization, to seize control and fasten upon the Germans unthinkable consequences, because that is what it will amount to, that his defeat will be so great that this whole thing will probably

start all over again. So it seems to work in a vicious cycle, and there seems to be no way of solving the problem.

Mr. SEGER. To my mind the German Republic made one great mistake. We were too lenient with those who abused the possibilities of free speech and of democratic institutions. The democracy in Germany did not have the will power to defend itself against those who undermined the new institutions.

The CHAIRMAN. In other words, you let subversive groups grow until they became powerful.

Mr. SEGER. We permitted Hitler to set up a military organization, which was very foolish.

The CHAIRMAN. Did not the Communists have practically a military organization, too?

Mr. SEGER. Yes; but the Communists at the same time were stressing for reasons of competition some positive tenets, and therefore their military organization did not flourish or become effective.

The CHAIRMAN. The meetings of both groups are attended by violence?

Mr. SEGER. Yes.

The CHAIRMAN. The Communists try to break up the Nazi meetings and the Nazis, in turn, try to break up the Communist meetings?

Mr. SEGER. Yes.

Mr. VOORHIS. Both of them break up everybody else's meetings?

Mr. SEGER. Yes.

(Thereupon, the committee adjourned, subject to the call of the chairman.)

INVESTIGATION OF UN-AMERICAN PROPAGANDA ACTIVITIES IN THE UNITED STATES

WEDNESDAY, SEPTEMBER 27, 1939

HOUSE OF REPRESENTATIVES,
SPECIAL COMMITTEE TO INVESTIGATE UN-AMERICAN ACTIVITIES,
Washington, D. C.

The committee met at 10 a. m., Hon. Martin Dies (chairman) presiding.

Present: Messrs. Dies (chairman), Starnes, and Voorhis.

Also present: Mr. Rhea Whitley, counsel to the committee.

The CHAIRMAN. It seems as though most of the members of the committee are not here this morning. I think some of them advised me they are out of town. The Chair will resolve himself into a subcommittee of one for the purpose of hearing this testimony until the other members of the committee show up. Proceed.

Mr. WHITLEY. Mr. Chairman, Dr. Dubrowsky, when he appeared as a witness last Saturday, identified himself in the various official positions which he had held with the Soviet Government. He also at that time indicated he had the original documents appointing him to the various positions which he has held. For the sake of emphasis and also of clarity, I would like at this time just prior to the doctor resuming his testimony, to introduce again for the record this concise list of his credentials, together with the original documents, most of them written in Russian, appointing him to these various official positions.

The CHAIRMAN. All right.

(The matter referred to follows:)

IDENTIFICATION OF DR. D. H. DUBROWSKY

1. Letter of identification from Ludwig Martens, unrecognized Soviet Ambassador to the United States, dated May 29, 1920, indicating that Dr. David Dubrowsky was traveling through the United States, England, Denmark, and Estonia to Moscow on business of the Commissariat of Foreign Affairs for the Embassy in America.

2. Certificate issued to Dr. D. H. Dubrowsky, under the alias of "Nikolayev" by the Commissariat of Foreign Affairs in Moscow, dated August 4, 1920, identifying him as an official of the Soviet Embassy in America, instructing all Soviet institutions to provide him with "materials of a special informative character as well as photographs, films, and all sorts of printed matter" expenses to be charged to the Commissariat of Foreign Affairs, signed by Leo Karkhan, Assistant Commissar of Foreign Affairs, and Marcel Rosenberg, in charge of the Anglo-American section.

3. Certificate as a representative of the Jewish public committee to aid victims of pogroms, dated June 18, 1921.

4. Certificate accepting resignation as representative of this committee, November 16, 1921.

5. Mandate appointing Dr. D. H. Dubrowsky as representative of the Russian Red Cross in the United States and authorizing him to take charge of famine relief, dated October 28, 1921, signed by Z. Solovieff, president of the central committee of the Russian Red Cross, and by E. Korovin, general secretary, in Moscow.

6. Mandate as representative of the Russian Red Cross for United States, Mexico, and Canada, dated November 25, 1921, signed by Solovieff and Korovin as above.

7. Mandate appointing a collegium for the Russian Red Cross agency for North and South America to consist of Dr. D. H. Dubrowsky, chairman, and two members, Ozohl and Dr. Mikhailovsky, signed as above, December 21, 1921.

8. Cablegram confirming the above, dated December 22, 1921, signed by Solovieff.

9. Representatives of the Nansen High Commission of the League of Nations for Russian Relief.

10. Representative of the All-Russian Central Executive Committee of the Famine Relief, headed by Leo Kamenov (1922).

11. Proletarian Cinema Trusts, headed by Donchenko (1924).

12. Special committee in charge of Artists Tours Abroad, headed by Krassin (1925).

13. Society for Cultural Relations with Foreign Countries (V. O. K. S.), headed by Mr. Leo Kamenov (1925).

14. Certificate appointing Dr. D. H. Dubrowsky as representative of the Georgian Red Cross, dated May 26, 1928, signed by Mamaladse and Paniachvili, president of the central committee of the Georgian Red Cross and chief of the foreign section, respectively.

15. Certificate as representative of the Russian Red Cross of all the constituent republics issued on December 14, 1930, by the executive committee of the Union of the Red Cross and Red Crescent Societies of the Union of Soviet Socialist Republics.

16. Certificate of the Russian Embassy, dated February 7, 1934, authorizing Dr. D. H. Dubrowsky to handle the claims of Russian nationals, involving industrial insurance and inheritance, signed by Gregory Gokhman, chief of the consular division of the Embassy of the Union of Soviet Socialist Republics in Washington, D. C.

17. Certificate as agent and official of the Red Cross of the Union of Soviet Socialist Republics, dated December 14, 1934, signed by Gregory Gokhman, chief of the consular division of the Embassy of the Union of Soviet Socialist Republics in Washington D. C., and certified by Cordell Hull, Secretary of State of the United States.

18. Letter by Dr. D. H. Dubrowsky to Gen. Frank T. Hines, Veterans' Administration, Washington, D. C., dated November 13, 1935.

19. A similar letter to James K. McClintock, vice chairman, the American Red Cross, Washington, D. C., dated November 21, 1935.

20. Letters from—

(1) The American Red Cross, New York chapter, dated May 20, 1935, signed by Edna J. Wakefield, director of home service;

(2) Canadian Red Cross Society, dated May 21, 1935, signed by Dr. J. L. Biggar, national commissioner of the Canadian Red Cross Society;

(3) National headquarters of the American Red Cross, dated May 22, 1935, signed by James K. McClintock, vice chairman;

(4) National headquarters of the American Red Cross, signed by Antoinette E. Hardisty, assistant to the vice chairman of insular and foreign relations;

(5) League of Red Cross Societies of Paris, dated June 18, 1936, signed by Ernest J. Swift, secretary general.

TESTIMONY OF D. H. DUBROWSKY—Resumed

Mr. WHITLEY. Doctor, Mr. Charles Recht testified last week before this committee with reference to his activities in the collection of insurance and other claims in this country for individuals in Soviet Russia. I would like to make specific reference to various portions of Mr. Recht's testimony and see if you can give us any further data concerning the matters he testified about.

At the time of Mr. Recht's examination he was questioned concerning an organization known as Prodexco, which organization you testified, I believe, last Saturday, was organized about 1920 or 1921 and was the Russian trading or Soviet trading corporation set up in this country by Ludwig Martens prior to his departure from the country. Mr. Recht was questioned as to what he knew about Prodexco and what his connection was with that organization. He testified that he could not recall such an organization and that he had no connection whatever with such an organization.

Will you tell the committee, Doctor, whether you ever had any conversations with Mr. Recht regarding the Prodexco Corporation?

Mr. DUBROWSKY. On numerous occasions I had to interview and see John Ozohl, who was one of the directors of the Prodexco. They were purchasing commodities during the famine relief for us.

Mr. WHITLEY. That is for—

Mr. DUBROWSKY. For the Red Cross. Time and again I have seen Mr. Recht there, and I always understood that Mr. Recht was the attorney for Prodexco. That was a purely Soviet organization left by Martens before his departure from the United States. Prodexco, 2 years later, was merged with Arcos, a branch of the British Arcos trading organization in London.

Mr. WHITLEY. That merger took place in 1923, did it not, Doctor?

Mr. DUBROWSKY. Took place in 1923 and is what is known now as Amtorg. In other words, the predecessor to Amtorg was Prodexco and Arcos, in New York, and it is pretty well known to Mr. Recht.

Mr. WHITLEY. I see. Did Mr. Recht at the time of the merger, at the time Prodexco was merged with Arcos, in 1923, register any protest with you with reference to that merger?

Mr. DUBROWSKY. He was registering protest with me because of the fact that when Amtorg was formed a new attorney was invited to handle the affairs of Amtorg.

Mr. WHITLEY. In other words, when you say "Amtorg," you mean "Arcos," and you are using the two synonymously?

Mr. DUBROWSKY. Arcos and Prodexco were joined in a merger and Amtorg was formed—

Mr. WHITLEY. Out of that merger?

Mr. DUBROWSKY. Out of that merger.

Mr. WHITLEY. And at the time of that merger he protested to you because he was not appointed attorney?

Mr. DUBROWSKY. He protested because he was not appointed attorney. In other words, many of the activities of Prodexco should be very well known to Mr. Recht.

Mr. WHITLEY. Now, did you ever have occasion to see Mr. Recht in the office of Prodexco in New York?

Mr. DUBROWSKY. On numerous occasions.

Mr. WHITLEY. You have seen him in their offices?

Mr. DUBROWSKY. Quite often.

Mr. WHITLEY. Have you conferred with him there on any occasion?

Mr. DUBROWSKY. On many occasions.

Mr. WHITLEY. What was the location of Prodexco offices in New York?

Mr. DUBROWSKY. The location of Prodexco offices in New York was 110 West Fortieth Street. They occupied the premises which were vacated by Mr. Martens, the first Soviet Ambassador.

Mr. WHITLEY. Now, Doctor, during Mr. Recht's testimony he stated that he had been connected with an organization in Russia known as the Credit Bureau.

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. He stated that he was also connected with the organization in Russia known as the Innurcollegia, which, as I understood his testimony, was merely a new name for the organization formerly known as the Credit Bureau. Is that correct?

Mr. DUBROWSKY. That is correct—formerly known as the Credit Bureau.

Mr. WHITLEY. It was a new name for the same organization group?

Mr. DUBROWSKY. For the same organization group.

Mr. WHITLEY. Mr. Recht testified he had represented that organization. He stated that it was a private organization which was somewhat similar to the American Bar Association; that is, he was retained by that group to handle claims in this country for individuals in Russia; that is, to handle the collection in this country.

I would like to have your comments with reference to his suggestion or testimony that the Credit Bureau and the Innurcollegia were a private organization similar to the American Bar Association.

Mr. DUBROWSKY. I should like to go a little more into detail.

Mr. WHITLEY. All right, sir.

Mr. DUBROWSKY. And give you an exact picture of the situation.

Up to about 1928 this Credit Bureau had still a different name; it was called "Consultation Bureau." It was organized, to the best of my recollection, in 1922—organized by a man, Alexander Rosenhein, with the explicit purpose of collecting all claims of Russian citizens against United States insurance companies.

Now when, in 1932, Mr. Recht who represented that organization—and that organization, by the way, has been formed by the Foreign Office, the Commissariat of Foreign Affairs, who were interested in getting valuta into the United States—

Mr. WHITLEY. By "valuta" you mean foreign money?

Mr. DUBROWSKY. Foreign money.

Mr. WHITLEY. And the original organization, the Consultation Bureau, was set up by Mr. Rosenhein?

Mr. DUBROWSKY. Was set up by Mr. Rosenhein.

Mr. WHITLEY. Under the direction—

Mr. DUBROWSKY. Under the direction of the Foreign Office.

Mr. WHITLEY. I see.

Mr. DUBROWSKY. Mr. Recht was appointed representative in the United States of that organization. He proceeded to collect, or to try to collect, funds due Russian citizens and Russians who happened to have lived after 1918 in Estonia, Latvia, and Lithuania, which was formerly Russian; but the majority of those claims were naturally Russian; I should imagine, roughly speaking, 95 percent. All the balance of the small independent states were infinitesimal in comparison with the bulk of the claims that he was to handle.

In 1932, soon after the arrival of Mr. Charles Recht from Moscow—

Mr. WHITLEY. You mean he returned to this country from Moscow?

Mr. DUBROWSKY. He returned to this country, I believe, the 2d, 3d, or 4th of January.

Mr. WHITLEY. Of January?

Mr. DUBROWSKY. That is right, 1932. In other words, he was in Russia the latter part of 1931. He came to my office and presented an ultimatum that the decision taken in Moscow was that my office, the Red Cross, turn over to him all claims as to civilian estates. Now, mind you, when I began to liquidate civilian estates I had the definite assurance of the Soviet Government that every penny collected will not be confiscated. I will exhibit the law specifically passed on that subject matter. I have given these assurances to the orphans courts, probate courts, public administrators, industrialist commissions in the different States of the Union, and, on the basis of those assurances, I was given the opportunity to liquidate these estates.

When I was presented——

Mr. WHITLEY. That was in your capacity as the head of the Russian Red Cross in the United States?

Mr. DUBROWSKY. That is right. When I was presented with this ultimatum I quite naturally was upset, because I felt that something is going amiss. I knew that the credit bureau, headed by Alexander Rosenheim, a former important member of the OGPU, will primarily perform the duty of collecting funds for the Soviet Government and the heirs be damned.

Mr. WHITLEY. In other words, Doctor—pardon the interruption, but I want to clarify that—when Mr. Recht returned to this country from a visit to Moscow in 1932, he came to you and told you that the Soviet Government—that he had instructions——

Mr. DUBROWSKY. I was coming to that, if you will pardon me. I was assured by Mr. Recht that the decision taken in Moscow, which was taken by the Communist Party and the Political Bureau, cannot be and will not be changed, no matter what I do.

Mr. WHITLEY. You protested the decision?

Mr. DUBROWSKY. I protested the decision. I offered to go to Moscow to present the case, of importance to save my face before the officials in the different departments in the United States, where assurances have been given that the interests of the heirs will be rigidly protected; that there will be no confiscation of any kind. I was advised by Moscow that my arrival to Moscow is unnecessary, but on the way to the United States is Alexander Rosenheim——

Mr. WHITLEY. Head of the——

Mr. DUBROWSKY. The president of the Credit Bureau. Upon his arrival, we had numerous conferences in New York, and in Washington with Mr. Skvirsky, who at that time was the agent of the foreign office of Moscow. The result of those conferences was——

Mr. WHITLEY. He was also attached to the Embassy, was he not?

Mr. DUBROWSKY. He was later attached as counselor of the Soviet Embassy, after the recognition. The result of those conferences was that since that was the decision of the Political Bureau and the Communist Party, nothing at all can be done; I must abide by the decision.

Mr. WHITLEY. In other words, the instructions which Mr. Recht brought you were that henceforth you would have to turn over all estate collections or liquidations——

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. To Mr. Recht?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Those instructions came from the Communist Party, the Political Bureau of the Communist Party of Soviet Russia?

Mr. DUBROWSKY. I beg your pardon. The Communist Party is a legal entity and so is the Political Bureau. It is the Political Bureau of the Communist Party, that is true, but it is also the Political Bureau of the Soviet Government.

Mr. WHITLEY. Of the Soviet Government?

Mr. DUBROWSKY. There is no distinction, no line of demarcation. It is pretty hard and quite impossible to say where the Communist Party ceases to exist and the Soviet Government begins to function. It is identical.

Mr. WHITLEY. They are just one and the same?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. In other words, an order of the Political Bureau of the Communist Party in Russia is an order of the Government, in effect?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. It amounts to the same thing.

Mr. DUBROWSKY. Now, by way of illustration, rather forceable illustration. I would say the Soviet Government always maintains that Mr. Stalin has nothing whatsoever to do with the Soviet Government; he is a private citizen, if you please.

Mr. WHITLEY. His only official position is Secretary of the Communist Party of the Soviet Russia?

Mr. DUBROWSKY. That is right; he is only a private citizen; he has nothing to do with the Government, except he appoints the Cabinet and can execute, at will, anyone he pleases.

Mr. WHITLEY. Now, Doctor, that appeal from the decision, from the order, which was brought to you by Mr. Recht——

Mr. DUBROWSKY. Was of no avail.

Mr. WHITLEY. Was of no avail?

Mr. DUBROWSKY. I had to turn it over.

Mr. WHITLEY. And, from that time on, you had to turn over all estate matters to Mr. Recht?

Mr. DUBROWSKY. To turn over all estate matters to Mr. Recht.

Mr. WHITLEY. And you objected to that because you knew, if you did that, the heirs in Russia——

Mr. DUBROWSKY. Would get next to nothing.

Mr. WHITLEY. Would get next to nothing?

Mr. DUBROWSKY. And I was quite right.

Mr. WHITLEY. Now, when you turned it over to Mr. Recht, that meant that henceforth you would clear through the Credit Bureau?

Mr. DUBROWSKY. That is correct.

Mr. WHITLEY. Which is the organization Mr. Recht indicated, in his testimony, was a private organization?

Mr. DUBROWSKY. That is perfectly absurd. There are no private organizations in the Soviet Union.

Mr. WHITLEY. And the orders you got to turn over these claims to Mr. Recht came to you from the Soviet Government in February——

Mr. DUBROWSKY. Verified by Mr. Rosenheim and Mr. Skvirsky.

Mr. WHITLEY. Mr. Rosenheim being president of the——

Mr. DUBROWSKY. President of the Credit Bureau and Skvirsky being the unofficial representative of the Foreign Office of the Soviet Government.

Mr. WHITLEY. Now, the fact the Credit Bureau is now known as the Innurcollegia does not change its status in any way?

Mr. DUBROWSKY. Does not change its status at all. It kept on changing its name; next month it may be something else, if it suits their purposes; but it is the same continuation; it is an unbroken chain.

Mr. WHITLEY. And could there exist, under the Soviet Government, a private organization engaged in the activities that the Credit Bureau or the Innurcollegia are engaged in?

Mr. DUBROWSKY. Absolutely impossible; unheard of.

Mr. WHITLEY. Now, Doctor, in what manner did you obtain the information which you have and concerning which you have testified here with reference to the workings of the Credit Bureau? In other words, have you had contacts with that organization over a period of years?

Mr. DUBROWSKY. There were some cases, numerous cases, possibly hundreds of them, which were physically impossible to turn over to Mr. Recht, because they were in the process of liquidation. It would have been inadvisable to notify a public administrator, let us say, in Michigan, or Illinois, or Pennsylvania, that the Soviet Government "has decided to change the front." I was allowed to continue to liquidate what I had in the process of liquidation; but, upon the insistence and instruction from the Credit Bureau, Mr. Skvirsky, the foreign office man, directed the Central Committee of the Red Cross in Moscow, I had to deal in the liquidation of these estates with the Credit Bureau, and that was——

Mr. WHITLEY. That was after 1932?

Mr. DUBROWSKY. That was after 1932; and I continued to do that for a few years.

Mr. WHITLEY. So that you have had actual dealings——

Mr. DUBROWSKY. Constant, actual contact with them for a number of years.

Mr. WHITLEY. And it is as a result of those contacts and business relations that you are testifying here?

Mr. DUBROWSKY. That is right; to my personal, definite knowledge.

Mr. WHITLEY. Now, during his testimony, Mr. Recht was asked the question whether he was personally convinced that any funds transmitted by him to the Credit Bureau reached the individual claimants in Russia, and he indicated very definitely that there was no doubt in his mind but what funds collected by him in this country for claimants in Russia, or collected through the Credit Bureau, or the Innurcollegia, did reach the claimants in Russia.

I would like to have your comment on that.

Mr. DUBROWSKY. I suppose you refer to the thousands of claims on the insurance policies?

Mr. WHITLEY. Yes; that is right.

Mr. DUBROWSKY. Now, I understood all the time that there were approximately 12 to 15 policies that had to be adjusted.

Mr. WHITLEY. Twelve to fifteen?

Mr. DUBROWSKY. Thousand.

Mr. WHITLEY. Twelve to fifteen thousand policies?

Mr. DUBROWSKY. In other words, there were twelve to fifteen thousand claims, individual claimants, residing throughout the length and breadth of the Soviet Union. Now, gentlemen, please understand——

The CHAIRMAN. You mean twelve to fifteen thousand in the United States?

Mr. DUBROWSKY. In the United States.

The CHAIRMAN. And the beneficiaries resided——

Mr. DUBROWSKY. Throughout the length and breadth of the Soviet Union. Now, it is humanly and physically impossible for Mr. Recht, or a dozen Mr. Rechts to be in contact with those individuals. Furthermore, the law definitely prohibits any individual residing in Russia to communicate and to correspond with anyone outside the borders of Russia relating to the collection of funds. The possession of funds is a criminal offense; at one time it was treated as a capital offense. Many a man, many a woman have been executed because foreign valuta or money has been found in their possession.

Now, the statement of Mr. Recht that he has been contacting these cases on behalf of the individuals in 12,000 claims has no basis of fact whatsoever. He has been doing that on behalf and for the Credit Bureau.

Mr. WHITLEY. Or for the Soviet Government?

Mr. DUBROWSKY. That is right. Furthermore, I may state that his transmission of the funds that he has received from the New York Life Insurance Co. through either the Chase National Bank or the Manufacturers' Trust Co. will bear me out, that the funds collected were sent to the Credit Bureau. He has never had one——well, I would not say "one": he may have one single receipt, or a dozen single receipts, but he certainly didn't have thousands of receipts. He never had to——

Mr. WHITLEY. You mean receipts from the individuals?

Mr. DUBROWSKY. It was outside; these liquidations had nothing to do with the courts. It was an arrangement between Mr. Recht and the New York Life Insurance Co.

Mr. WHITLEY. That was not the only one; he represented claims against other insurance companies?

Mr. DUBROWSKY. But the bulk of the claims, of those 12,000 individual claims we speak of at the present moment——

The CHAIRMAN. Wait a minute. You say this was an arrangement between the New York Life and——

Mr. DUBROWSKY. Mr. Recht, representing the Credit Bureau, would have looked up, in the course of years, every individual Russian citizen who had a claim against an American insurance company.

The CHAIRMAN. Why with the New York Life? That is very interesting, because there is certain evidence the Chair has that this may throw light on——why the New York Life?

Mr. DUBROWSKY. Mr. Chairman, these policies were not issued in dollars; they were paid in rubles in the equivalent of dollars, until the Russian revolution of 1917, when everything was confiscated, everything was taken away. The function of the American insurance companies in Russia naturally ceased with the advent of the Soviet Government, but individual policy holders still had, and in the eyes of the Soviet Government, a valid document against which dollars could be collected. And that was the reason for the inception of the Consultation Bureau which later became the Credit Bureau.

The CHAIRMAN. I can understand that, but what part did the New York Life have?

Mr. DUBROWSKY. Now, when the Credit Bureau collected these 12,000 claims and obtained an individual power of attorney from each and every one in the name of Recht, he appeared and himself represented thousands of claims against the New York Life Insurance Co.

The CHAIRMAN. Oh, you mean the New York Life is one of the biggest companies that had these claims?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. But there were other insurance companies?

Mr. DUBROWSKY. Well, very small in comparison with this large bulk of claims.

The CHAIRMAN. Most of them were with the New York Life?

Mr. DUBROWSKY. Most of them were with the New York Life. Now, they have settled the claims at 12 cents for each and every dollar paid. Only the actual payments were taken into consideration. If, let us say, you have expected of them \$1,000 or \$2,000, and if they paid in rubles, gold rubles, it is equivalent of \$200 or \$500—10 to 12 cents on the dollar was paid back, out of which Mr. Recht transmitted to the Credit Bureau 10 cents and 2 cents of each 12 cents he retained for himself as his fees, and my understanding was that in 1931, 1932, and 1933, the 3 years that the bulk of the liquidation took place, Mr. Recht made over \$200,000 in fees.

Mr. WHITLEY. What percentage?

Mr. DUBROWSKY. That was about 20 percent.

Mr. WHITLEY. Did he have a definite, fixed percentage of the amount collected?

Mr. DUBROWSKY. Yes; the percentage was—he collected, I understand, about \$2,000,000. Now, his fee was about \$200,000, not in that year, but within that period from 1931.

Mr. WHITLEY. That would be about 10 percent, would it not?

Mr. DUBROWSKY. That is it, yes; \$200,000.

Mr. WHITLEY. From your knowledge of the insurance collections of the Credit Bureau, or the Inimcollegia, its successor that you named, what percentage of the claims collected in the United States by Mr. Recht, and collected through the Credit Bureau, would you say the individual beneficiaries in Russia received?

Mr. DUBROWSKY. I want to make that quite clear and definite, that when you present any claim to the Credit Bureau, in not a single case is he allowed to send it to the individual. I must make that quite clear. Now, what does the individual get eventually from the Credit Bureau? If he gets 5 percent he is darned lucky.

Mr. WHITLEY. There is no set amount?

Mr. DUBROWSKY. They get it in valueless rubles with which they can hardly purchase anything.

Mr. WHITLEY. In other words, referring back to Mr. Recht's testimony, and his statement that he was convinced that the individual beneficiaries in Russia received every penny of the amount of the claims collected by him, he is either misinformed or that is a misstatement; is that correct?

Mr. DUBROWSKY. Knowing Mr. Recht for almost 19 years, I do not believe he is misinformed.

Mr. WHITLEY. He has been working for the Credit Bureau?

Mr. DUBROWSKY. Yes, sir; he has been attorney for the Credit Bureau.

Mr. WHITLEY. He has been attorney for the Credit Bureau?

Mr. DUBROWSKY. Yes, sir; and he knows better than that. He knows as well as I do that in Russia they get paper rubles, of a purchasing value in the United States, as compared with that in Russia, of approximately 5 percent.

Mr. WHITLEY. That bears out the statement made the other day that the individual, if he were a member of the Soviet Union, working through the Credit Bureau or Inurcollegia, with Mr. Recht as its representative in this country, receives what amounts to Government confiscation of the funds collected on account of claims in this country, because the Government gets the benefit of them?

Mr. DUBROWSKY. Yes, sir; absolutely; it is the confiscation of funds legally belonging to people after the death of American citizens, or funds standing to the credit of citizens. They are primarily American funds.

Mr. WHITLEY. Do you know of your own knowledge whether Mr. Recht ever received any funds or payments of fees directly from the Soviet Government, or its official representatives?

Mr. DUBROWSKY. Yes, sir; I know as a fact, officially, that he was getting \$500 per month from Mr. Skvirsky.

Mr. WHITLEY. Will you identify him?

Mr. DUBROWSKY. Mr. Skvirsky was recognized as the agent of the Foreign Commissariat of the Soviet Government, as well as director of the Soviet Information Bureau in Washington. His publication was the Soviet Union Review.

Mr. WHITLEY. What was his first name?

Mr. DUBROWSKY. Boris. He published that at his place of residence as well as business, at 1637 Massachusetts NW.

Mr. WHITLEY. What official position after recognition did he get?

Mr. DUBROWSKY. Following political recognition, he was appointed counselor of the Embassy.

Mr. WHITLEY. Does he still hold that position?

Mr. DUBROWSKY. No, sir; he was recalled about 1936, and I understand that he was liquidated.

Mr. VOORHIS. How much was Mr. Recht getting?

Mr. DUBROWSKY. He was getting \$500 per month. He was getting that for a number of years. I do not know how many years.

Mr. WHITLEY. How do you know he was receiving that amount?

Mr. DUBROWSKY. Time and again, my official duties required my presence quite often, possibly twice a month or possibly once a week, at the American Red Cross or at the United States Veterans' Administration. I used to come in on cases to Mr. Skvirsky, and time and again he asked me or told me to tell Mr. Recht that a check for \$500 would be sent shortly, because he was in the office with me, and once in a while he would give me the check to mail to him.

Mr. WHITLEY. The checks were drawn by Skvirsky?

Mr. DUBROWSKY. Yes, sir; drawn on his personal account in Washington. I do not know what bank it was. It was given to Mr. Recht, and drawn on a bank account for Mr. Recht. The bank account of Mr. Recht would easily disclose that fact.

Mr. VOORHIS. At this point, I want to ask one question about this insurance business: How did it happen that the New York Life Insurance Co. agreed to pay all of this money over to Mr. Recht?

Mr. DUBROWSKY. He was the attorney in fact for the policyholders.

Mr. VOORHIS. Did the policyholders sign any instrument making him such?

Mr. DUBROWSKY. Yes, sir; each and every policyholder gave him a power of attorney.

Mr. WHITLEY. That was obtained through the Credit Bureau?

Mr. DUBROWSKY. Yes, sir; by the Credit Bureau. I was trying to emphasize that he did not know the individual policyholders from Adam. It is easy through the instrumentality of the central organization in Moscow, which is a government organization specifically created to obtain foreign funds, to do that. They obtained powers of attorney and sent them to him. Then he was later appointed as the official representative.

Mr. WHITLEY. Going back to the matter of the monthly payments made to Mr. Recht by Skvirsky, during what years do you specifically recall that you have seen or definitely known that such payments were being made?

Mr. DUBROWSKY. The latest that I can give would be either 1930 or 1931. I can say definitely as late as that.

Mr. WHITLEY. Approximately, what was the earliest date?

Mr. DUBROWSKY. That I cannot say. I know it ran for years.

Mr. WHITLEY. You had various occasions to see those checks?

Mr. DUBROWSKY. Yes; and to deliver them myself. I was also instrumental in telling him that the checks would be forthcoming.

Mr. WHITLEY. That amount, of course, of retainer fee paid Mr. Recht by the Soviet Government was in addition to the commissions he received?

Mr. DUBROWSKY. That was a definite retainer. As for what specific services, I am not in a position to say.

Mr. WHITLEY. In his testimony last week, Mr. Recht was asked this question:

Have you ever been designated as an official agent of the Soviet Government in the United States?

Mr. RECHT replied—

Yes, sir; for 1 year, from 1920 to 1921, to wind up the affairs of Mr. Martens.

Then this question was asked:

Have you ever been at any other time so designated?

To this question Mr. Recht replied "No."

In other words, Mr. Recht said he was agent for the Soviet Government for the period of 1920 to 1921, and that at no other time had he been an official representative of the Soviet Government. I think the testimony you have already given has proven the relationship of the Credit Bureau or the Innurcollegia, and the identity of those organizations, plus the specific payments of retainers that you know he has received from Soviet sources, which is in direct contradiction to his statement.

Mr. DUBROWSKY. I would like to summarize by saying that to my own personal knowledge, for the last 10 years, he was an active agent of a Soviet institution in the United States.

Mr. WHITLEY. I would like for you to identify this letter, dated June 23, 1932. Is that letter addressed to you?

Mr. DUBROWSKY. Yes, sir; that is a letter addressed to me by the public administrator at Buffalo, N. Y.

Mr. WHITLEY. This letter is dated June 23, 1932, signed "Charles A. Hart," public administrator, Erie County, N. Y., addressed to Dr. Dubrowsky, Russian Red Cross Societies, 1776 Broadway, New York. The second paragraph reads as follows:

I think you would be interested in Mr. Recht's statement that his appointment as attorney for the Credit Bureau of Moscow was semiofficial in character.

Would you say that was a conservative statement, at least, that it was semiofficial?

Mr. DUBROWSKY. I should imagine so. I should say so.

Mr. WHITLEY. I will show you a photostatic copy of a commission, and ask you to identify it.

Mr. DUBROWSKY. Yes, sir; I identified these credentials or commission issued to Charles Recht by the so-called Credit Bureau as agent in the United States of this Credit Bureau, signed Rosenshein. That is his signature.

Mr. WHITLEY. What is the date of this?

Mr. DUBROWSKY. This is dated September 16, 1932.

Mr. WHITLEY. You do not know whether Mr. Recht previously had such a commission, or whether this was a renewal of a previous commission?

Mr. DUBROWSKY. I believe it was a renewal of the previous commission, because a change of names took place.

Mr. WHITLEY. Mr. Recht was questioned with reference to Mr. Alexander Rosenshein during his testimony last week. Mr. Rosenshein was president of the Credit Bureau for a number of years. Will you give us a little of the personal background of Mr. Rosenshein, and how he happened to be identified with an organization that Mr. Recht said was a private organization?

Mr. DUBROWSKY. Mr. Rosenshein up to about 1923 was an active member, and in high position, of at that time the Russian Vecheka, which was dealing with the counterrevolution. In 1922 he took up law. Young individual Vziks were given a chance to participate in the reconstruction of Russia. Mr. Rosenshein then chose to study law, and that took about a year or two, I think, and he had a meeting with Mr. Recht. In 1922 or 1923—I do not exactly recall which—the idea of collecting funds from American insurance companies was born. Mr. Rosenshein was then given the task by the foreign office of organizing the consultation bureau which began to collect claims against insurance companies in the United States.

Mr. WHITLEY. The consultation bureau was the first name?

Mr. DUBROWSKY. Yes, sir. Then he became president. Then Mr. Rosenshein, an active member, of course, of the Communist Party, arrived in New York in 1932 in the capacity of president of the Amtorg.

Mr. WHITLEY. Had he previously been connected with the Volga Canal project?

Mr. DUBROWSKY. I understand that after his recall from the United States he was actively engaged again in Ogpu activities, and lately, I understand, he was in charge of the construction of the Volga Canal.

Mr. WHITLEY. Was that a private enterprise?

Mr. DUBROWSKY. No, sir; there are no private enterprises of any sort in Russia. Everything is governmental. Everything belongs to the state except water and air. Mr. Rosenshein was appointed to take charge of the construction of the Volga Canal. It is common knowledge that all canals in Russia which were being built in the last 10 years were being built by inmates, or criminals, political or otherwise. They are mostly political criminals. It stands to reason that a man in charge of an undertaking which is being built by the Ogpu is not in charge of a private individual, but by trusted agents of the Ogpu.

Mr. WHITLEY. He also had Soviet Government connections?

Mr. DUBROWSKY. Yes, sir; especially with the Ogpu.

Mr. WHITLEY. As president of the credit bureau and of the Amtorg?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Did Mr. Recht know Mr. Rosenshein as well as you did?

Mr. DUBROWSKY. I think he knew him much better.

Mr. WHITLEY. Was there any secret about the fact that Mr. Rosenshein had been connected with the Vecheka?

Mr. DUBROWSKY. No, sir; that was a matter of pride with him.

Mr. WHITLEY. I have particular reference to Mr. Recht's testimony that he never had any reason to believe or know that Mr. Rosenshein had been connected with the Ogpu.

Mr. DUBROWSKY. I understand him to say that when he met him in Moscow a few years ago he was in charge of the construction of the Volga Canal. Knowing very well what that meant, any statement to the contrary was intended to be misleading.

Mr. WHITLEY. Mr. Recht was questioned with reference to an individual named Zhukovitsky.

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. He testified that that individual was sent to the United States by the credit bureau, or the Innurecollegia, and that he was a soviet lawyer to help Mr. Recht in his office for about a year and a half. Would you tell us what you know about Zhukovitsky?

Mr. DUBROWSKY. After Mr. Rosenshein was sent here as president of the Amtorg he brought his assistant in Moscow, Mr. Zhukovitsky, who was the commissar in Mr. Recht's office.

Mr. WHITLEY. What do you mean by commissar?

Mr. DUBROWSKY. That is for supervision, or a check on his office.

Mr. VOORHIS. A supervisor?

Mr. DUBROWSKY. Yes, sir; on his political behavior and his handling of cases. It is all-embracing, when you have a political commissar in your office.

Mr. WHITLEY. He is the one who runs it?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Rosenshein brought him to this country when he came?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. And then he was later placed in Mr. Recht's office?

Mr. DUBROWSKY. The first office that he had, soon after his arrival, possibly a day or two after his arrival in the United States, was when

he was stationed in Mr. Recht's office. Later he was appointed by Rosenshein as one of the legal advisers, in the legal department of the Amtorg. and until lately, I understand, he was vice president of the Amtorg, retaining his connection with the credit bureau all those years.

Mr. WHITLEY. What functions would you say that Zhukovitsky was performing in Mr. Recht's office?

Mr. DUBROWSKY. Directing the credit bureau on all questions. Instead of having them sent to Moscow to be settled, they were settled on the spot in New York.

Mr. WHITLEY. You testified, I believe, or gave some testimony on Saturday with reference to a conversation which you had with Mr. Litvinoff or, rather, certain statements he made in your presence while he was in the United States in 1933?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. While conferring with United States authorities with reference to Russian recognition?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Which was granted Soviet Russia at that time?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Mr. Chairman, I would like to make reference at this point to an article just by way of a predicate for Dr. Dubrowsky's subsequent testimony. The article appears under a Moscow date line, August 27, 1935. The caption of the article is as follows:

Soviet turns down American protest.

This was 5 years ago. The headline reads further:

A Blunt Answer: Text of Soviet reply to U. S.

Further reading:

Following is the text of Soviet Russia's reply to the American note protesting interference of the Communist International in the internal affairs of the United States.

This protest was based upon speeches made by a number of officials of the Communist Party at the Seventh World Congress of the Communist International in Moscow.

Mr. DUBROWSKY. Yes, sir; 2 years after recognition.

Mr. WHITLEY. One portion of this reply to the American protest reads as follows:

In this connection I consider it necessary to emphasize with all energy that the Government of the Union of Soviet Socialist Republics has always regarded and regards with the greatest respect all obligations assumed by it, including, of course, the mutual pledge about noninterference in internal affairs contained in the exchange of notes of November 16, 1933, and discussed in detail in the conversations which took place between the President of the United States, Mr. Roosevelt, and the Peoples' Commissar of Foreign Affairs, Mr. Litvinoff.

Do you know of any activities carried on in this country by official agents of the Soviet Government which were in violation of the pact signed in 1933, at the time of recognition, or at the time the United States granted the Soviet Government recognition?

Mr. DUBROWSKY. Recognition was granted about the middle of 1933, and the ink was hardly dry on the agreement when one of the active members of the foreign department of the Ogpu was sent here and was assigned to my office as my assistant. The name of that individual was Jacob Sterngluss. He was sent from the office he occupied in

Afghanistan. He was chief of the foreign Ogpu that was assigned to Afghanistan. He had nothing whatsoever to do with any Red Cross activity. He appeared on the scene in New York the latter part of December.

The CHAIRMAN. 1933?

Mr. DUBROWSKY. Yes; shortly after recognition. Together with his arrival I had also a letter from Mr. Yonoff, a member of the Central Committee and a member of the Zecheka, which was the Russian Senate, the letter saying that they are sending this man as my assistant, as a man most likely to be acceptable to me. Well, he proved to be most unacceptable. Shortly after his arrival he hardly participated in the functions he was supposed to perform as a Red Cross assistant, but devoted most of his time to Ogpu activities in the United States. What they were I did not know until about 6 months later. When I went to Moscow in 1934, or the summer of 1934, I went there with the specific demand that I could not allow any activities of the foreign office of the Ogpu or any agents of the Ogpu to conduct activities from the office of the Red Cross, for which I was responsible. They had to admit that he was an agent of the Ogpu.

Mr. WHITLEY. They admitted that to you?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. And that they placed him in your office?

Mr. DUBROWSKY. Yes, sir. I said, "I will not rest until he is recalled while I am still in Moscow." They have sent, for that matter, the right-hand man of President Stalin, Zhdanoff. They have also had Yenukidze, an old chum of Stalin's, and a Georgian, as Stalin is. He had the post of executive secretary of the Zecheka, which is the Russian Senate, and a most powerful political figure, who was formerly performing the duties of president of the Russian Red Cross. I do not know whether I mentioned it in my previous testimony, but he was one of the people that Stalin decided to shoot shortly afterward.

Mr. WHITLEY. Within a few months after the pact and conditions were determined upon which it was entered into, the Ogpu, or secret political police or intelligence of the Soviet Government, placed a representative in your office, using your office, no doubt, as a cover under which he carried on his activities as a spy. That is what it amounted to?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. And when you protested to the highest officials in Moscow they admitted that he was such an agent?

Mr. DUBROWSKY. Yes, sir; but I would not have known he was the agent of the Ogpu. Later I learned of some of his activities.

Mr. WHITLEY. While you were the man charged with the performance of the duties of that office?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. While you were in charge, did one of your secretaries resign or leave the employ of the office?

Mr. DUBROWSKY. No, sir; they threatened to resign in a letter to the consular agent of the Soviet Union, a copy of which was given me on my return.

Mr. WHITLEY. The letter, of which you were given a copy, was addressed to the consular agent in New York?

Mr. DUBROWSKY. Yes, sir.

Mr. WHITLEY. Further representations were made in that letter. She said:

A short time ago he told everyone that he expected a notification from the Embassy appointing him representative of the Soviet Red Cross.

Who was this employee referring to there? The letter says, "Now, as you know, Dr. Rabinovitch is the representative." Was that with reference to Dr. Rabinovitch?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. The letter goes on to say:

Dr. Sterngluss tried to impress us that he, and only he—not Dr. Rabinovitch—is the factual boss.

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Sterngluss is the G. P. U. agent you were just referring to, and this confirms your statement that the real boss in the office was Sterngluss, who is the representative of the Soviet Government?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. This letter of resignation continues:

And now I must tell you about the most important matter: A few months ago Dr. Sterngluss referred me to his "special" work.

That means his G. P. U. work that he was performing out of your office, as a cover or front?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. The letter continues:

But soon after, not giving me a chance to do anything properly, he took me into his confidence; one American girl who despises everything—

and so forth.

Upon your return to this country from Moscow, where you had been with reference to that situation which had developed in your office, did you discuss this situation further with this employee?

Mr. DUBROWSKY. I did, and have incorporated it in the form of a memorandum which I have submitted to Mr. Skvirsky, at that time already counsellor of the Soviet Embassy in Washington.

Mr. WHITLEY. And that memorandum which you prepared at that time contains your statement about that matter, written following this letter?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. I believe, for the sake of conciseness, it would be well for me to read the doctor's original memorandum on the subject of what this employee told him upon his return. The memorandum says:

The "special" work of Dr. Sterngluss, as explained orally to me and to Dr. Rabinovitch by—

the name of the employee is blank.

Mr. DUBROWSKY. I will submit it, if you wish to have it.

Mr. WHITLEY. He will submit it privately to the committee, but he does not want to mention it publicly.

The memorandum continues:

consisted of organizing the theft of United States mail from the mail boxes of private individuals. For that purpose an organization was created and was being perfected by Dr. Sterngluss—

the G. P. U. agent—

in which special agents of his would be stationed at certain addresses where there was mail he wished to intercept. The duty of these agents was, upon the departure of the letter-carrier, to immediately extract the mail from the individual's mail box. The assignment given to my secretary—

that was the employee—

as told to me, was the extraction of the mail from the private box of—

two individuals, again, whose names the doctor will submit privately to the committee, and which he does not care to mention publicly—"at"—such and such an address in Brooklyn.

Besides the organization of the theft of United States mail, Dr. Sterngluss was organizing contacts with minor employees of the Western Union, Commercial Cable, and the Radio Corporation of America, with the view of intercepting telegrams, cables, and radios, to and from certain individuals in whom he was interested in behalf of the Soviet Government.

Incidentally, this letter of resignation was dated October 25, 1934.

The CHAIRMAN. This memorandum was prepared by the doctor right after this occurred?

Mr. WHITLEY. Upon his return to this country this employee gave him a copy of the letter of resignation which had been submitted to the Consul General of Soviet Russia in New York, and then furnished him supplemental verbal information which the doctor incorporated in the memorandum. I am merely reading the memorandum prepared by him at that time, for the sake of brevity.

Mr. DUBROWSKY. And which I submitted to Mr. Skvirsky, the counselor of the embassy.

Mr. WHITLEY. This was submitted by Dr. Dubrowsky after it had been prepared, submitted to the counselor.

The CHAIRMAN. What did the counselor do about it: what did he say about it?

Mr. DUBROWSKY. The counselor said that, "Understandings be damned; I cannot do anything; the G. P. U. is supreme." They are powerless to do anything.

Mr. VOORHIS. In other words, Mr. Sterngluss was the boss of the counselor?

Mr. DUBROWSKY. The G. P. U. agent is all-powerful, it does not matter whether it is the consul general, the president of Amtorg, or the ambassador.

The CHAIRMAN. In other words, those agents in the United States were to intercept mail, telegrams, and cablegrams in order to secure information for the Soviet Government?

Mr. DUBROWSKY. That end of it I came in contact with incidentally; anything else I do not know.

Mr. WHITLEY. This Dr. Sterngluss admitted to Dr. Dubrowsky that he was a Soviet agent.

The CHAIRMAN. That was in what year when they were operating, 1934?

Mr. DUBROWSKY. That is right, soon after recognition.

The CHAIRMAN. Do you have any information that they are operating in the same way now?

Mr. DUBROWSKY. Mr. Congressman, it is the nature of the beast; you cannot help it; no one can help it. It is part and parcel of the outfit.

The CHAIRMAN. You know of nothing that has been done, direct, to change that since that time?

Mr. DUBROWSKY. It was not changed. When they remove one they put another in his place. I do not know who came back to take his place.

Mr. WHITLEY. He just was removed because you objected to him working out of your office?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. Could you form any estimate as to how many G. P. U. agents there are in the United States?

Mr. DUBROWSKY. I could hardly tell the number of G. P. U. agents there are, but every Soviet institution must necessarily have G. P. U. agents. They occupy, for the sake of formality, some official position, or a position with some minor commission.

The CHAIRMAN. You mean in connection with the Soviet Embassy?

Mr. DUBROWSKY. Everywhere; they are scattered everywhere. Outside of these agents who supervise these agents, they have no official connection with any official institution.

The CHAIRMAN. Do they have those agents in the principal cities in the country?

Mr. DUBROWSKY. I should imagine they do.

The CHAIRMAN. I did not ask you what you imagine.

Mr. DUBROWSKY. From my personal knowledge, the organization is so constituted that they should have. I do not know anyone in Philadelphia, but I have no doubt that there are agents in Philadelphia, or in Chicago, or in San Francisco.

The CHAIRMAN. As to these G. P. U. agents working in the United States, do they get a great deal of their information from the Communist Party itself?

Mr. DUBROWSKY. Quite necessarily. The Communist Party necessarily owes its allegiance to the Communist International in Moscow. Their own nationality is of secondary importance, Mr. Chairman.

The CHAIRMAN. What I want to know is this: If these G. P. U. agents operate in the United States they have a large organization of the Communist Party to give them information; is not that a fact?

Mr. DUBROWSKY. Absolutely; a part of the function.

The CHAIRMAN. So Russia, now an ally of Germany, has a more elaborate system of espionage in this country—

Mr. DUBROWSKY. Absolutely.

The CHAIRMAN. Than any country has; is not that a fact?

Mr. DUBROWSKY. Quite right.

The CHAIRMAN. Because, in addition to their regular agents, they have 100,000 members, with 5,000 branches, according to Browder, constantly getting this information.

Mr. DUBROWSKY. Each and every one of them is submitting voluntarily information which is transmitted to whatever place is necessary. It does not matter whether he is an employee of an airplane factory or some sort of industry, whatever he considers important, that might be of value to Russia, it will be transmitted to Russia, whatever he can lay his hands on.

Mr. VORHIS. I want to understand that. Do you mean that in your opinion every member of the Communist Party is doing that?

Mr. DUBROWSKY. If he is a loyal member of the Communist Party, Congressman, he is doing it.

Mr. VOORHIS. Here is a matter that I have been somewhat curious about. Are all members of the Communist Party told about all these things? Do they all know these things? I assume they do not know them when they first come in, do they?

Mr. DUBROWSKY. I am quite positive they do not know when they first come in. They cultivate them in the course of time. They inculcate, of necessity, allegiance to the Communist Party, in all of the dogma adopted, so that whatever you say to a known Communist does not mean anything, it is only bourgeois prejudice. Your allegiance is to the Communist Party, which is part and parcel of the Communist International, and do not make any mistake, that same, identical thing is true of the Nazi organization. Both of them only do lip service, insofar as democracy is concerned, because primarily they hate democracy as much as they hate capitalism, and the opportunity given, they will destroy it.

The CHAIRMAN. In other words, according to Earl Browder, there are 5,000 branches of the Communist Party, which is a new word for fractions or cells, 5,000 of them scattered throughout the United States. Then, according to Fritz Kuhn, we have 100 bund posts also.

Mr. DUBROWSKY. That is right.

The CHAIRMAN. Which does not take into consideration the sympathizers—

Mr. DUBROWSKY. Or fellow travelers.

The CHAIRMAN. In both organizations.

Mr. DUBROWSKY. That is right.

The CHAIRMAN. So the G. P. U. agents and the Gestapo agents and operators in the United States have at their command the most—

Mr. DUBROWSKY. Elaborate—

The CHAIRMAN. Elaborate source.

Mr. DUBROWSKY. Espionage system.

The CHAIRMAN. Espionage system in the world.

Mr. DUBROWSKY. You are quite right.

The CHAIRMAN. That they could not buy for any money?

Mr. DUBROWSKY. Not for millions.

The CHAIRMAN. If the United States undertook to set up an espionage system in any foreign government through paid agents it would mean that it would be impossible to hire as many trained agents to gather such information.

Mr. DUBROWSKY. It would be insignificant, as compared with what they have, without having to spend a single cent. Every Communist Party member pays into the Soviet organization, he is taxed for dues and taxed under every pretext, when 15 or 20 or 25 cents is extracted from him, and enormous sums are being collected.

The CHAIRMAN. And the information has been collected by the Communist Party and the bund over a period of years, so it stands to reason that information is now in the hands of Hitler.

Mr. DUBROWSKY. Yes; in the hands of Hitler and the Gestapo, the military intelligence and the industrial intelligence as well as the military intelligence of Russia. There is no doubt about it at all.

Mr. STARNES. Some testimony was given to the committee in executive session last year to the effect that Communist Party cells, or members of their branches, had been placed in our centers of

communication, like radio, telephone, and telegraph offices, and also in the Post Office Department.

Mr. DUBROWSKY. You have heard the statement of the activities of my assistant, and that confirms the statement of what you heard.

Mr. STARNES. That was given to us in executive session.

Mr. DUBROWSKY. It is given in open session now.

Mr. STARNES. Do you know whether or not they do have some subordinate officials or employees in the Postal Department who are giving them information?

Mr. DUBROWSKY. That I do not know, Congressman. Unquestionably they have, but I do not know. They could not operate otherwise.

Mr. WHITLEY. You do not know that of your own knowledge?

Mr. DUBROWSKY. I do not know it of my own knowledge, but unquestionably they have.

The CHAIRMAN. Do you know of any members that they have in the telegraph or radio unions, or anything of that sort?

Mr. DUBROWSKY. Mr. Chairman—

The CHAIRMAN. Were you advised in Communist circles that in the communications industry there were certain individuals who were members of the Communist Party holding key positions?

Mr. DUBROWSKY. Mr. Chairman, the Communist Party would not have advised me of anything for the last 12 or 13 years, since I have quit the party. But as an official of the Soviet Government, I have heard all sorts of things. I came into possession of certain facts. For instance, as to the activities of my assistant, a definite G. P. U. man. He did not come to me as a G. P. U. representative, because they knew I would have objected to that from the very beginning, but sub rosa he came as a G. P. U. man, informally, and he was designated as my assistant in the Red Cross.

The functions of this individual are definite. It was an organization to tamper with the United States mail, and organizations of the cable companies, the Western Union and the Radio Corporation. He has been doing that with these organizations, sub rosa. But the fact of the matter is he has been doing it.

Mr. WHITLEY. Mr. Chairman, in that connection, bear in mind that after Dr. Dubrowsky became an official of the Soviet Government in this country he ceased his activities in the Communist Party.

The CHAIRMAN. I recall that.

Mr. WHITLEY. Necessarily, they did not want an official of the Government identified with the party in this country.

Doctor, do you know of any Communist Party members who later became G. P. U. agents?

Mr. DUBROWSKY. That is a question that is rather difficult to answer. No individual designated, or an active member of the Communist Party, would admit to any one that he is an agent. Unquestionably, the Communist Party is permeated with agents of the G. P. U. You hear rumors, which possibly are well founded, but no one individual member will admit that he is a member of the G. P. U. Should he admit it, he is out.

Mr. WHITLEY. That is party discipline.

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. So you do not know that of your own personal knowledge?

Mr. DUBROWSKY. No.

Mr. WHITLEY. Continuing with the memorandum prepared by the Doctor, it says:

I therefore went to Moscow to appeal to the Central Committee of the Red Cross of the Union of Soviet Socialist Republics whom I was trying to convince that the official position of the associate representative of the Red Cross of the Union of Soviet Socialist Republics recently recognized by the United States Government is not compatible with an assignment from the G. P. U. with or without the knowledge of the Central Committee of the Red Cross.

That is in confirmation of the Doctor's verbal testimony.

Continuing the memorandum:

After I succeeded, while in Moscow, in inducing the Central Committee to recall Dr. Sterngluss, upon my return to the United States, my belief that he was tampering with the United States mail under the guise of a Red Cross representative was definitely confirmed in an affidavit made out by my secretary and addressed to the consul general of the Union of Soviet Socialist Republics on October 25, 1934, 1 month after my return to the United States.

The memorandum continues:

I deemed it my duty to transmit to Mr. Skvirsky all the documentary proof of the nefarious activities of Dr. Sterngluss which had come into my possession, with the request that an investigation be started by the Russian Embassy. This I did on January 4, 1935. I also suggested to Mr. Skvirsky that the Russian Embassy should look into the banking account of Dr. Sterngluss, since the expense connected with the organization of all his illegal activities was rather large and his salary from the Red Cross was only \$270 per month.

You say he was drawing a salary as an official representative of the Red Cross in this country?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. But he was not performing any duties as such an official?

Mr. DUBROWSKY. Pro forma he was.

Mr. WHITLEY. The memorandum continues:

Needless to say, neither the Russian Embassy nor the consul general have done anything in the matter. These plenipotentiaries of the Soviet Government are powerless to interfere in these "special" activities of an agent of the G. P. U.

Doctor, I notice that in trying to do something about or to correct this situation, on your trip to Russia you went to the Central Committee. Was that a committee of the Russian Red Cross?

Mr. DUBROWSKY. The Russian Red Cross.

Mr. WHITLEY. You contacted these various officers you named a few minutes ago?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. Doctor, carrying this matter a little further, here is the Communist Party, with 100,000 members, and they control a number of front organizations in this country, do they not?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. This committee has had considerable evidence that the Communist Party organized the American League for Peace and Democracy, not only in this country but in all other democratic countries, and at one time well-known Communists were on the board of directors, like Earl Browder and Clarence Hathaway.

Mr. DUBROWSKY. That is right.

The CHAIRMAN. There is a league claiming a membership of 7,000,000 people, and of course the overwhelming majority of them are not Communists at all.

Mr. DUBROWSKY. They were duped.

The CHAIRMAN. But if a man in a key position in that organization is a Communist, he owes allegiance to Russia.

Mr. DUBROWSKY. And the key position is always occupied by a member of the party.

The CHAIRMAN. Then he is in a position not only to influence the 7,000,000 people, but also to gather information from various sources.

Mr. DUBROWSKY. Absolutely so.

The CHAIRMAN. And whatever information he gets he can turn over to the Russian Government.

Mr. DUBROWSKY. That is right.

The CHAIRMAN. And the same thing is true with reference to the bund. They work with certain organizations, and they hold meetings of the different groups, which give assistance to the Communist Party and the bund.

Mr. DUBROWSKY. That is right.

The CHAIRMAN. Whether wittingly or unwittingly?

Mr. DUBROWSKY. Mostly unwittingly.

The CHAIRMAN. And furnish information that secret agents of Russia or Germany could not get under any circumstances?

Mr. DUBROWSKY. Could not possibly get, because they have membership in every key industry in the United States, and if they have not got actual members in the key industries they have sympathizers or fellow travelers.

Mr. VOORHIS. In other words, one of the greatest mistakes made by the sincere progressives on the one hand and the sincere conservatives on the other hand is to think that by forming a united front with either Communists or members of the bund type of organizations, that they can protect democracy or American institutions. That is always the claim that is made. But evidently that has exactly the opposite result.

Mr. DUBROWSKY. Exactly opposite.

Mr. VOORHIS. Which comes from that kind of an organization and that kind of a method?

Mr. DUBROWSKY. Given the first opportunity, they will destroy democracy, as I said before.

The CHAIRMAN. The other day we heard from Mr. Seger that one of the great mistakes made by the German Republic was their leniency in dealing with these subversive groups.

Under what construction of the Bill of Rights can anyone contend that we ought to permit agents and spies of foreign governments to operate through charters in the United States?

Mr. DUBROWSKY. That is one of the vital mistakes, in my opinion, that democracies make, especially the United States.

Some means within the constitutional rights of individuals must be found whereby the influence or activities of these groups must be neutralized or destroyed. If not, they will play absolute havoc with democracy when the proper moment arrives.

The CHAIRMAN. From your connections with the Soviet Government, you are in a position to give an expert opinion on this.

Assuming that the United States should eventually be dragged into war, which we all hope, of course, will not occur, but assuming that we went to war, what situation would we be in, with members of the

bund and these other groups occupying key positions throughout the country?

Mr. DUBROWSKY. You would have 100,000 active agents of the enemy.

The CHAIRMAN. That is on the Communists' side. On the bund side they claim 100,000.

Mr. DUBROWSKY. It would be the same thing. I do not know what their membership is, but you would have the same number.

Mr. VOORHIS. Would it not be a little more accurate to say that you would either have that many agents, or else some wholesale desertions in those organizations? That happened in France, did it not?

Mr. DUBROWSKY. Quite likely. Those that are still doubtful, those in which a sense of duty to their own land would bring a sense of duty to the Communist Party, they would never desert.

But mind you, Congressman, you have with the growth of the Communist Party the situation when they inculcate the dogmas of the party into the youth of the country, and you inculcate a potential enemy within the walls of democracy.

Mr. VOORHIS. I would like to ask whether you have any opinion that you could give us as to the probable truth of what happened in France. In France, as I understand it, there was a considerable Communist Party, and we get reports in the press all the time about how thousands of members have torn up their cards. Have you any facts about that?

Mr. DUBROWSKY. No; I have nothing.

Mr. VOORHIS. You believe that is probably true?

Mr. DUBROWSKY. I believe probably that is the truth.

The CHAIRMAN. Of course, on that score, it is true that after the announcement of the Soviet-Nazi pact, and after the Madison Square Garden meeting, it was said that the Communists took in 2,500 new members, or claimed that they did, so that that does not indicate that they quit in wholesale numbers in the United States.

Mr. DUBROWSKY. Mr. Congressman, taking in 2,500 members in one evening at Madison Square Garden—I believe that was just a bluff that the Communists usually throw, that is to keep up the morale of the party membership, if you please. But from my knowledge and contacts, I come in contact with a good many fellow travelers, and they begin to get shaky about the wisdom of Stalin. They begin to question and to want to know what is the essential difference between communism as personified by Josef Stalin and nazi-ism as personified by Adolph Hitler. My own belief is that the well-meaning liberal and fellow traveler, so far as membership is concerned, will deteriorate as time goes on.

Mr. VOORHIS. Where do you get your impression?

Mr. DUBROWSKY. I get my definite impression as to that, but you still have a substantial number of fanatics who have been inculcated to an extent that it does not make any difference what Stalin does, anything he does is justified and right, and must be supported.

Mr. VOORHIS. In other words, after a time it gets to the point where people do not believe in anything or support anything because of their own views; they are not really free people any longer.

Mr. DUBROWSKY. They are not; they are fanatics.

Mr. VOORHIS. And in a certain sense hardly capable of exercising the privileges of free citizenship.

Mr. VOORHIS. Do any of these people begin to wonder whether Josef Stalin is really devoted to the cause of the working class?

Mr. DUBROWSKY. Well, a good many do, and, as they do, they gradually get out. I believe that the greatest service to real democracy in the United States, and the dissolution and degeneration of the Communist movement, is the move by Stalin of his unity with Hitler.

Mr. WHITLEY. Doctor, following your transmission of memoranda, affidavits, and data concerning the activities of Dr. Sterngluss while he was using your Red Cross office as a cover-up or a front, did you have any conversation with Mr. Skvirsky?

Mr. DUBROWSKY. Yes; I not only have written that letter where he was supposed to come to New York; he did not come, and I went to Washington.

Mr. WHITLEY. And talked with him about it?

Mr. DUBROWSKY. And talked with him about it.

Mr. WHITLEY. What did he say specifically?

Mr. DUBROWSKY. The man I know darned well was in a dilemma. He was just as much perturbed and afraid of an OGPU man as anyone else is in the Soviet Union.

Mr. WHITLEY. He had no control over it?

Mr. DUBROWSKY. He said, "The dickens with the agreement is what can I do?"

Mr. WHITLEY. He was referring to the pact?

Mr. DUBROWSKY. The pact between the Soviet Government and—

Mr. WHITLEY. And he said there was nothing he could do about it?

Mr. DUBROWSKY. He was powerless.

Mr. WHITLEY. These men cannot do anything?

Mr. DUBROWSKY. They are beyond the pale of law.

Mr. WHITLEY. Even the Embassy in this country?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Doctor, what do you know about an organization known as Inreklama, and its activities in securing income for Soviet purposes?

Mr. DUBROWSKY. That is one of the rackets, one of the small rackets, that is being conducted in the United States.

Mr. WHITLEY. Will you tell us how that works?

Mr. DUBROWSKY. Yes. It is simple. Amtorg, or any purchasing agency for that matter which is connected with Amtorg, whenever they make a purchase or any deal with any industrial concern in the United States, they follow it up shortly by an agent of the Inreklama, which means foreign advertising agency. They suggest to him that it would be wise and advisable and rather an excellent gesture on their part to place an ad in one of the Russian publications, let us say a newspaper, let us say a magazine. The Inreklama and the industrialist know perfectly well that he will not obtain any orders because he places an ad, but he knows that Inreklama is stationed in the offices of Amtorg and unless he coughs up a few thousand dollars for an ad he may lose a good client. And he usually coughs it up. And since they are dealing with hundreds of industrial concerns in the United States, it brings in hundreds of thousands of dollars to the coffers of Stalin.

Mr. WHITLEY. It is just a little racket on the side.

Mr. DUBROWSKY. It is just a little racket on the side.

Mr. VOORHIS. Let me see if I understand that correctly. In other words, here you have the Amtorg, which is a trading corporation.

Mr. DUBROWSKY. That is right.

Mr. VOORHIS. Doing business with American firms.

Mr. DUBROWSKY. That is right.

Mr. VOORHIS. Making purchases in the regular way?

Mr. DUBROWSKY. That is right.

Mr. VOORHIS. Maybe they buy a large shipment of commodities from some American corporation. The Inreklama outfit goes to the same corporation shortly afterwards, sort of clears its throat and says, "You have had a nice business and we think it would be only proper for you to take out this ad in some Russian publication." Now, what happens to the money that they pay for that ad, where does it go?

Mr. DUBROWSKY. Inreklama is controlled by the so-called Gosizdat, or State Publishing House. It goes into the cash box or treasury of the Gosizdat, the state publishing house. The State publishing company is then in a position to print whatever propaganda matter they please. It does not cost them anything. It was paid for by the American capitalist or the British capitalist or the French capitalist. And then there is reintroduced into the United States in the form of booklets, Moscow news, all sorts of publications, and if the population in the United States, in some sections of it, does not read English properly, and the language that they understand better is Polish or Czech or Bohemian or German or Italian, if they please, they will place the publication in their own language.

Mr. VOORHIS. It does not necessarily follow that these payments for these advertisements ever leave the United States at all.

Mr. DUBROWSKY. Not necessarily. But I say, that is one of the forms. Fifty cents of the dollar may go back to the publication which, by the way, is not given out gratis, if you please. It is being sold and money is made again from this propaganda which goes back to the coffers of the state publishing house.

Mr. WHITLEY. Doctor, inasmuch as there is no free enterprise of any kind in Soviet Russia, or representing Soviet Russia officially, it would be rather ridiculous on the face of it, since there is no competition, to suggest that an American industrialist has to advertise in a Russian publication in order to get business there.

Mr. DUBROWSKY. It is perfectly absurd. This is a racket and every industrialist knows it. He has to cough up, and he is afraid that he would not get an order if he does not cough up.

Mr. WHITLEY. He gets his business from Amtorg. That is the official agency of the Soviet.

Mr. DUBROWSKY. That is right. It is a corporation. It is incorporated in the State of New York. It is perfectly legitimate.

Mr. WHITLEY. But advertising is only necessary where there is competition.

Mr. DUBROWSKY. There is no competition, as you know. There is an absolute monopoly of everything.

Mr. WHITLEY. Doctor, who is the head of the Inreklama in the United States?

Mr. DUBROWSKY. To the best of my recollection, it is Joseph Finger.

Mr. WHITLEY. Do you know whether he is a member of the Communist Party?

Mr. DUBROWSKY. Oh, yes; definitely.

Mr. WHITLEY. He is?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. And Inreklama could probably best be described as a subsidiary of Amtorg?

Mr. DUBROWSKY. Yes. All of these corporations are subsidiaries of Amtorg. They are not independent.

Mr. WHITLEY. These American business people who are approached to buy advertising know what the idea of the advertising is; that insofar as getting Russian business is concerned, there is no need of it, but it is just a shake-down and they have to contribute.

Mr. DUBROWSKY. If you wish, Mr. Chairman, I have a catalog that I have issued. I believe it contains about 5,000 pages, out of which there are about 3,000 whole-page ads from industrial concerns with whom Amtorg has done business, one time or another.

There is a small addition to this racket that they exact. They take an ad, and then they ask that the industrial concern pay for the translation, if you please. And they pay.

The CHAIRMAN. In other words, the American capitalists are contributing funds for Communist propaganda.

Mr. DUBROWSKY. Yes. And all of the bookings and amtnigas throughout the length and breadth of the United States are paid for right here.

Mr. WHITLEY. What do you know about an organization known as Bookniga and its activity in securing income for Soviet purposes?

Mr. DUBROWSKY. I have mentioned before that Bookniga and Amtniga are American corporations. Kniga means book. Amtniga is the Russian abbreviation. It means American book. It is part and parcel of Amtorg, a subsidiary of Amtorg, controlled by the board of directors of Amtorg.

All of this literature is being published, printed in Russia, by either the State Publishing Corporation or the Proletarian State Publishing Corporation. It depends upon the subject matter who publishes what. This literature is brought in by the ton, by the carload, to the United States, and is being spread either through Communist organizations or through front organizations, like Peace and Democracy; Against Fascism; Pro Communism; United Front—whatever the name might be.

They also maintain rather extensive and elaborate stores themselves. I have recently seen one of the most gorgeous book shops, not far from Michigan Boulevard, near the Blackstone Hotel.

Mr. WHITLEY. In Chicago?

Mr. DUBROWSKY. Filled with propaganda material of all sorts. This is being repeated in New York, Chicago, Los Angeles, San Francisco, Philadelphia, Boston—the length and breadth of the United States.

The CHAIRMAN. In other words, Doctor, they raise money in the United States through front organizations, or for some laudable purpose, sometimes for Chinese relief, sometimes for Spanish relief, and they divert it out of the treasuries of front organizations or labor organizations; they get it in the manner which you have designated from the American people. And after they have extracted millions

of dollars, they then take that money and flood the country with propaganda and with activities for the purpose of destroying our Government.

Mr. DUBROWSKY. Exactly, Congressman. And that, unfortunately, is allowed, because this is one of the deficiencies of democracies. And it is a one-sided proposition. Under the terms of the agreement, would the Soviet Government allow the Congress of the United States or a printing organization which is supported by the State, or maintained by Congress, let us say, issuing publications which would describe in any way the virtues of democracy, to come into Russia? Under no circumstances, gentlemen. It would not be allowed. Will the Times be allowed to have free circulation in Russia? Nothing of the sort. Would any publication having to deal with democracy be allowed free circulation in Russia? No. On the other hand we, under the terms of the agreement, have given them the legal excuse to propagandize throughout the length and breadth of the country, and pay for it.

The CHAIRMAN. Doctor, from your many trips to Russia and your connections with the Soviet Government, would you say that the Communist Party and the Soviet Government have raised more money in the United States than in any other country of the world outside of Russia?

Mr. DUBROWSKY. Unquestionably so; unquestionably so, Mr. Chairman.

The CHAIRMAN. In other words, while there are more members of the Communist Party in France and in Germany—in Germany prior to Hitlerism—than there are in the United States, nevertheless the Communist Party and its front organizations, and many activities in this country, raise the greatest part of the money that is raised outside of Russia, here in the United States?

Mr. DUBROWSKY. Because it is a dollar, and a dollar is a valuable unit of exchange.

The CHAIRMAN. So that from the financial standpoint the Communist Party of the United States and the movement in this country is much stronger than the movement anywhere in the world outside of Russia?

Mr. DUBROWSKY. Financially?

The CHAIRMAN. Financially.

Mr. DUBROWSKY. Unquestionably so.

Mr. WHITLEY. Doctor, your knowledge of the operations and the purposes of such organizations as Inreklama and Bookniga and Amniga was obtained as a result of your own official connections with the Soviet Government for many years?

Mr. DUBROWSKY. Yes; and contact with it for about 16, 17 years.

Mr. WHITLEY. And your contact with these organizations over a period of 16, 17 years.

Mr. DUBROWSKY. Practically since the inception of these organizations.

Mr. WHITLEY. And your conversations with their officials in this country and in Russia?

Mr. DUBROWSKY. That is right. The name that I mentioned before, Yonoff, who was a member of the central executive committee of the Red Cross he was the president of the State Publishing Society. The directorate is so interlocking, Mr. Chairman, you cannot say that this man is doing this or that. It is all interlocked all the time.

Mr. WHITLEY. Are you acquainted with the activities and connections of the International Publishers, headed by Mr. Alexander Trachtenberg?

Mr. DUBROWSKY. Yes, I know Mr. Trachtenberg, and I know Mr. Heller. He is one of the angels.

Mr. WHITLEY. Mr. Trachtenberg in his testimony before this committee stated that International Publishers had no connections of any kind with the Communist Party of the United States or with any organizations outside of the United States. Are you familiar with his connections?

Mr. DUBROWSKY. From my personal knowledge and personal contact with Mr. Alexander Trachtenberg for a period of about 20 years, almost a lifetime, I know Trachtenberg to be one of the most influential members of the Communist Party in the United States, and as such he occupies the position that he does in the International Publishing Co. Stalin is a private individual. He has nothing to do with the Soviet Government. So Mr. Trachtenberg has nothing to do with the party, or the International Publishing Co. has nothing to do with the party. It is one of the absurdities that they are trying to put over.

Mr. WHITLEY. Doctor, you might as well say that Stalin has nothing to do with the Soviet Government as to say that Mr. Trachtenberg is not a representative here of that Government.

Mr. DUBROWSKY. It is almost an analogy; yes.

Mr. WHITLEY. Will you tell the committee what you know about an organization known as the Soviet American Securities Corporation, 30 Broad Street, New York City?

Mr. DUBROWSKY. Well, that is one of the many rackets. That is another one.

Mr. WHITLEY. How does that work?

Mr. DUBROWSKY. Oh, that is simple.

Mr. WHITLEY. Is that another medium through which funds are raised in America to propagandize the country?

Mr. DUBROWSKY. It was conceived by a certain Miles Sherover. He sold the idea to the State Bank of the U. S. S. R. back, I believe, 4 or 5 years ago. He told them that a simple way to raise money for the treasury of the Soviet Union would be to sell bonds, Soviet bonds. And there are plenty of gullibles in the United States who would buy them. The means and method of selling were rather unique. If you recollect, in 1933 there was almost an epidemic of failures of banks in the United States. They appealed to every Russian residing in the United States, or Americans of former Russian nationality, as well as the liberal and the fellow traveler, that the safest method of keeping his dollars was to buy Soviet bonds, because the money would be kept in the State Bank of the U. S. S. R., which does not fail. Only capitalist banks fail. And, gentlemen, you would be surprised that hundreds of thousands of dollars of these Soviet bonds have been sold in the United States.

The CHAIRMAN. It runs into the millions, does it not, Doctor?

Mr. DUBROWSKY. Well, I do not believe it runs into many millions. It possibly reached about a million or so, because I believe that the State Department went after the individual because it sort of contradicted the so-called Johnson law, that you cannot sell the bonds of a government which did not live up to its previous obligations.

Mr. VOORHIS. Doctor, I can remember seeing advertisements by the Chase National Bank about these bonds.

Mr. DUBROWSKY. The Chase National Bank was the fiscal agent.

Mr. VOORHIS. Seven percent Soviet gold bonds.

Mr. DUBROWSKY. That is right.

Mr. VOORHIS. Is that the same proposition?

Mr. DUBROWSKY. That is the same proposition. That is the same racket. I should like to show you some of their literature. I get lost in the maze of it.

The CHAIRMAN. Doctor, while you are looking for that, we pretty well helped to finance the Soviet experiment ourselves, did we not?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Doctor, I have here an ad; is this the one you are looking for?

Mr. DUBROWSKY. Here it is, right here [exhibiting document].

Mr. WHITLEY. Were those bonds sold to Communist Party members in this country?

Mr. DUBROWSKY. They did not want to offend non-Communist members. They would sell them to non-Communists as well. Whoever paid the dollar.

The CHAIRMAN. Anybody who put up the cash.

Mr. DUBROWSKY. Anybody who put up the cash; yes.

Mr. WHITLEY. Did the Communist Party cooperate in selling those?

Mr. DUBROWSKY. Naturally. Everything that goes through the Soviet Union must be supported by them.

Mr. WHITLEY. They cooperated in the campaign of selling those bonds?

Mr. DUBROWSKY. Everything that goes for the benefit of the Communist Party, the Soviet Government, must be supported. It goes without question.

Mr. WHITLEY. Mr. Chairman, it is now 12 o'clock and I am about to pass to the next subject. May I suggest a recess?

The CHAIRMAN. The committee will recess until 1:15 p. m.

(Whereupon, a recess was taken until 1:15 p. m.)

AFTERNOON SESSION

The committee met pursuant to taking a recess, at 1:25 p. m.

The CHAIRMAN. The committee will come to order.

TESTIMONY OF D. H. DUBROWSKY—Resumed

Mr. WHITLEY. Doctor, do you know anything about the transmission of food, clothing, and packages by United States residents and citizens to individuals in Soviet Russia, and the manner in which the Soviet Government has control over those transmissions?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. As I understand it, Doctor, the packages are sent by relatives and friends in this country to persons in Russia who are in need of clothing, food, supplies of some kind and are sent purely by those who are sympathetic with or relatives of people, you might say, who are unfortunate enough to be in need of clothing and food. Is that correct?

Mr. DUBROWSKY. That is correct.

Mr. WHITLEY. Will you explain the system to the committee, please?

Mr. DUBROWSKY. This happens to be one of the most extensive rackets that is exploited by the Soviet Government. They exploit the misery of their own citizens.

The history of the packages is rather involved, long. It was started by Mr. Hoover when he was the head of the American Relief Administration.

Mr. WHITLEY. Former President Hoover?

Mr. DUBROWSKY. Back in 1921.

The CHAIRMAN. Will you speak a little louder?

Mr. DUBROWSKY. Former President Hoover.

Mr. WHITLEY. Yes.

The CHAIRMAN. Mr. Hoover started that in 1921?

Mr. DUBROWSKY. In 1921 during the famine.

The CHAIRMAN. Very well.

Mr. DUBROWSKY. But at that time his organization in the United States, let us say, would accept \$10 for a package of food. The \$10 worth of food would be delivered and always was delivered to the beneficiary in Russia.

When the American Relief Administration withdrew from activities, soon after the acuteness of the famine was over, the Soviet Government decided that it may be utilized as a source of income to the state; they have then organized various forms and they in the course of years assumed different names and they adapted themselves to different situations entirely.

In 1928 when the so-called Torgsin stores were organized and they were essentially organized for the purpose of enabling the foreign specialists to help, that is, in the first 5-year plan, of rehabilitating and industrializing the purchases of commodities with either dollars, pounds sterling, francs, or marks, depending upon who the specialist was.

Mr. WHITLEY. The reason for the establishment of the special stores was because—

Mr. DUBROWSKY (interposing). Because they could not obtain necessities.

Mr. WHITLEY. Without these stores.

Mr. DUBROWSKY. Without these stores. And, the clothing at that time, if exchanged into rubles, that is, let us say, for a dollar they could have gotten approximately 2 rubles at the official exchange, but 2 rubles in Russia was equal to a purchasing value of approximately 2 cents, making its utilization impossible for the foreign specialists whose services were badly needed to make a living. His total salary, if it were, say, \$200 or \$300 a year would furnish him enough for a duration of only 2 or 3 days if exchanged into rubles for purchases at the rate of ruble exchange, and that was the reason why the Torgsin was established.

Now, that was a source of income; they began to get income from the foreigners who were invited there to help them to industrialize the country under the 5-year plan. That was the beginning of the 5-year plan in 1928.

They then extended the operation of these stores to selling commodities from these stores to their own citizens for precious metals, gold in the form of rings, watches, earrings, precious stones, and

in that way within about 3 or 4 years they were able to extract from the Russian population all that even theretofore was not confiscated yet.

But then it was extended to the outside world. There are hundreds of thousands of residents in the United States, and it just as well be England or France or Germany, where Russians reside. They have relatives in Russia who keep them begging for food, clothes, medicaments, the necessities of life. They have to do that or starve if they are not helped.

To send dollars exchanged for rubles was useless; it was an expensive proposition and would not help the relatives.

They conceived the idea they will sell, let us say, to Mr. Ivanoff, living in New York, whose old father and mother live in some village in Russia, \$5 worth of shoes if he paid in \$5 in New York to the agency of the Torgsin.

These agencies of the Torgsin were usually part and parcel of the Soviet Trading Organization of the Soviet Government. In this particular case, insofar as we are concerned, it was a part and parcel of the Amtorg.

In other words, they have utilized every possible opportunity of the misery of the Soviet citizens to make money out of that misery.

The CHAIRMAN. Let me see if we understand you. For instance, here is a Russian living in the United States who has a father or mother living in Russia.

Mr. DUBROWSKY. Yes.

The CHAIRMAN. And he knows they are in a condition of starvation and he wants to help them.

Mr. DUBROWSKY. Yes.

The CHAIRMAN. So he goes to this agency or to this specialists store to make a purchase.

Mr. DUBROWSKY. Yes.

The CHAIRMAN. Or he might want to give them \$5, \$10, or \$20 worth of goods.

Mr. DUBROWSKY. Yes.

The CHAIRMAN. To furnish those in Russia certain necessities.

Mr. DUBROWSKY. That is right.

The CHAIRMAN. For his father or mother, so that they get here, in the United States, good money.

Mr. DUBROWSKY. That is right, and many of the products of the whole land were confiscated from the same peasantry in the form of butter, milk, food.

The CHAIRMAN. In other words, the relatives were given what was taken away from them.

Mr. DUBROWSKY. Yes.

The CHAIRMAN. And that is what they call the worker's paradise.

Mr. DUBROWSKY. That was before socialism was an accomplished fact. Today I understand Stalin says that socialism has already been accomplished. The next stage is communism.

In reference to that I remember I came across a rather witty individual the last time I was in Moscow. We met on the street and saw a man cross from the station dressed in a sack. He said: "Do you see that individual?"

"Yes."

Well, he says. "They have already accomplished the 5-year plan in 1 year. In the next 5-year plan, when it is accomplished, he will be completely naked."

Mr. VOORHIS. Who told you that?

Mr. DUBROWSKY. One of the Soviet citizens. He was very bitter about it.

Mr. VOORHIS. I see.

Mr. WHITLEY. Doctor, will you please explain——

Mr. DUBROWSKY (interposing). May I just continue?

Mr. WHITLEY. I want to be sure you make it clear how, by selling to relatives in New York——

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Through a New York representative of the Torgsin the Soviet Government would profit.

Mr. DUBROWSKY. When this became quite extensive there was a lot of packages, of purchases of food and clothing orders by Russians living in the United States, Canada, and for that matter, throughout the whole civilized world, everywhere.

The United States produced or paid, approximately, during this 3 years, about \$40,000,000 to the Soviet Government to give food to its own citizens which they could not purchase with rubles.

Mind you, the majority of these people who were sending the packages, these transmissions, usually \$5, \$7, or \$10, were people who were employed in factories, in mines, and sweat shops, and they were giving up a part of their food to the Russian Government to keep relatives from starving to death.

Now, in 1935, for political reasons, it was decided to shut the Torgsins stores to all foreign specialists, who departed, and they closed the stores.

Mr. WHITLEY. Let me interrupt you right there.

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Just what 3- or 4-year period was that; over what period?

Mr. DUBROWSKY. That was approximately, let us say, 1929 to about 1934 or 1935.

Mr. WHITLEY. Approximately \$40,000,000 was spent by Americans to send food and clothing to relatives and friends in Russia?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. And the money was spent through the local representatives of the Torgsins.

Mr. DUBROWSKY. It was deposited with them, given to them in cash.

Mr. WHITLEY. Now how much food and clothing, approximately, did the relatives and friends in Russia receive for that \$40,000,000 cash?

Mr. DUBROWSKY. At that time, because of the fact that food was collected from the peasantry, was collected from operatives, the Government hardly paid anything for it, of course, but inasmuch as the purchasing value, relative purchasing value, so far as the United States was concerned, was approximately 50 percent to 60 percent of the value, they only made about 40 percent on some commodities that would be purchased by relatives; it would be possibly 40 percent, and they got possibly 60 percent.

The CHAIRMAN. They really got 100 percent because they paid nothing for it.

Mr. DUBROWSKY. Now, after 1935 the real serious racket started. It was troublesome to have stores in the large cities, and employees: and to provide shoes, underwear, some of the luxuries, like lemons, they decided that as soon as they closed the stores—lemons are a luxury in Russia. A good many people have not seen lemons; they have seen pictures of them, nothing else.

They gave a concession, in one instance, let us say, New York, and they did the same thing in Chicago and in all the large centers of the United States to one individual to whom they gave the right to issue license, so-called importers' license. Russia wanted to make money on it and they would say to that individual:

"Now, a pair of shoes is selling for say \$4 or \$5" and they wanted a 150 percent duty. For a pair of shoes—or a suit of clothes there would be a 110 percent duty.

Some individuals became racketeers on top of the Soviet racket, and, if you please, I have an illustration here of one of the organizations that was selling shoes and clothing packages and it would be interesting for you to know that on shoes they charged 150 percent: a ladies dress, 200 percent duty; ladies stockings, 150 percent duty: silk shirts, underwear or artificial silk, if you please, on anything that felt like silk, there was a 400 percent duty.

Mr. WHITLEY. Doctor, what was the name of that organization?

Mr. DUBROWSKY. That was one of many. There are possibly—I have a list of about 25.

Mr. WHITLEY. What is the name of that particular one?

Mr. DUBROWSKY. That particular one was called the Producers Merchandising, Inc.

The CHAIRMAN. They had a license to export to Russia?

Mr. DUBROWSKY. They were licensed through the individual that was given a monopoly, if you please. The racket extended to about three or four planes, the highest one was the Soviet, and they distributed to people that licensed.

Mr. WHITLEY. Each one of these operated under a license. In other words, they kept control of the shipments of packages into Russia, and in order not to lose any revenue from that they required that the individual shipping the package had to have a license: is that correct?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. And without a license he could not operate.

Mr. DUBROWSKY. Without a license.

Mr. WHITLEY. In other words, they controlled every representative in the big, central cities throughout the United States.

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. By selling licenses to the individuals who were shipping the packages.

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. And they charged the persons you have indicated for that license.

Mr. DUBROWSKY. That is right; it was a duty. The license was separate from the duty; it was an extra charge. For instance, the license was about \$4.

Mr. WHITLEY. At the time they bought the license they had to pay a duty which was levied on the import.

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Or the export.

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Now, as soon as the individual in this country wanted to ship a pair of shoes to a relative in Russia, say the shoes cost \$8—

Mr. DUBROWSKY (interposing). That is right.

Mr. WHITLEY. The duty, the import duty, on the shoes would be 110 percent?

Mr. DUBROWSKY. 150 percent; it would be \$12.

Mr. WHITLEY. \$12?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. In addition to what they would have to pay for the license?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Which you said was \$4.

Mr. DUBROWSKY. \$4 for the license.

Mr. WHITLEY. Yes.

Mr. DUBROWSKY. And the postage 93 cents. That would be collected. They did not forget anything, and in addition they had to pay the postage too, to the United States.

Mr. WHITLEY. Now the individual in this country who wanted to ship clothes to relatives in Russia, could they go out and buy those articles any place?

Mr. DUBROWSKY. No; they could not. He had to buy either from a recognized department store which was the concession; they could buy only from the concessionier.

Mr. WHITLEY. The man who obtained the concession?

Mr. DUBROWSKY. The man who obtained the concession.

Mr. WHITLEY. To operate the store.

Mr. DUBROWSKY. To operate the store. And the store, by the way, is in the same building with the Amtorg.

Mr. WHITLEY. That was in New York?

Mr. DUBROWSKY. That was in New York; but they also had stores in Chicago, Philadelphia, Pittsburgh, and other large centers.

Mr. WHITLEY. Did he also, the person who held the license, charge a profit on the merchandise he sold in the store?

Mr. DUBROWSKY. Not much; about 100, just about 100 percent. In other words, a pair of Douglas shoes that ordinarily cost about \$4 or \$5 he charged \$10 for and a duty would be paid on the \$10 of 150 percent.

Mr. WHITLEY. On the \$10?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Suppose the person wanted to buy the shoes some place else?

Mr. DUBROWSKY. He could not do it.

Mr. WHITLEY. He could not?

Mr. DUBROWSKY. He could buy them but he could not ship them.

It was a wonderfully well-conceived plan, form of racket, which gave millions of dollars to the Soviet Government.

Mr. WHITLEY. Is it still operating?

Mr. DUBROWSKY. It is still operating and they are getting now, I understand, on the average of about \$8,000,000 a year out of this.

The CHAIRMAN. You mean who?

Mr. DUBROWSKY. The Soviet Government.

The CHAIRMAN. The Soviet Government?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. From that source?

Mr. DUBROWSKY. That source alone.

The CHAIRMAN. And yet we talk about being smart.

Mr. WHITLEY. You say you understand that to be the case?

Mr. DUBROWSKY. Yes. Well, I will be more positive.

Mr. WHITLEY. They are profiting to that extent on the suffering of their own citizens?

Mr. DUBROWSKY. Yes; socialism is in effect.

Mr. WHITLEY. I see.

Mr. DUBROWSKY. In full effect, and I wonder what communism will be when it comes into being.

Mr. WHITLEY. Any further information with respect to that system?

Mr. DUBROWSKY. Other than to elaborate on the wonderfully well conceived plan to profit on the misery of their own population, supposedly a paradise for the under dog, out of which they are extracting millions of dollars every year for their own operations.

Mr. WHITLEY. Now, doctor, your testimony with reference to that system and that particular organization or the manner in which the packages have been purchased and purchases have been made from them, your testimony along that line is the result of your own actual knowledge?

Mr. DUBROWSKY. My own personal knowledge, contacts with people.

Mr. WHITLEY. The people who run these organizations?

Mr. DUBROWSKY. People who run these organizations; people who send these packages, and people who have to send these packages.

Mr. WHITLEY. Yes.

Mr. DUBROWSKY. Otherwise the relatives would be starved.

Mr. WHITLEY. You know from your own personal knowledge about what transpires?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. And you cannot much blame the relatives?

Mr. DUBROWSKY. They are desperate.

The CHAIRMAN. They have to do so.

Mr. DUBROWSKY. They are desperate, in order that their relatives may not starve.

The CHAIRMAN. It is to relieve them.

Mr. DUBROWSKY. But it is blackmail and they have got to submit to these exactions from the Soviet Government.

And mind you it is perfectly legitimate, mind you it is perfectly legitimate; that is the duty; you do not have to ship them if you don't want to.

The CHAIRMAN. In other words, Hitler and Stalin are running it on a gigantic scale.

Mr. DUBROWSKY. A gigantic racket, on a national scale and an international scale.

Mr. WHITLEY. Doctor, will you tell the committee about the Soviet colonization plan called the Biro Bidjan?

Mr. DUBROWSKY. That was short lived.

Mr. WHITLEY. That was what?

Mr. DUBROWSKY. That was a short-lived racket.

Mr. WHITLEY. But during the life of that racket did the Soviet Government collect large sums of money?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. From American citizens?

Mr. DUBROWSKY. Yes; sometimes many liberal-minded people, well-meaning people, who were told the Soviet Government was going to form a twentieth-century democracy, and some people went from Estonia, some from the United States, because I do know some people who have departed from the United States to that paradise.

Mr. WHITLEY. Will you give us about what year that was?

Mr. DUBROWSKY. That was approximately 1932 or 1933.

Mr. VOORHIS. What was that name?

Mr. WHITLEY. Biro Bidjan. That was the name of the colonization plan.

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. The colonization project.

Mr. DUBROWSKY. They were willing to take any number of families with one incident, or division, that the Russian Government is provided the \$2,000 cash for each and every individual family supposedly for transportation.

I was present at one meeting at which the Soviet Ambassador, Troyanovsky, tried to explain why the masses, the majority, should support this undertaking, and in his enthusiasm he promised that even religious freedom is granted to the settlers of Biro Bidjan.

And having collected meanwhile, I believe, a few million dollars, a few hundred settlers went to the Biro Bidjan, living in most primitive conditions, no sanitation whatever, and they began to leave the settlement either on foot or whatever means of communication they could get.

Now, the administration of this settlement, which was, of course, communistic, was blamed for the failure. Some were shot; more at concentration camps, and all those who were living at this undertaking left, with the exception of a few dozen families, who had no means of escape.

Mr. VOORHIS. Was this in Siberia?

Mr. DUBROWSKY. Yes; near Manchukuo, and I always maintained that the work they have done there was political in case of an affair with Japan, to be able to raise hell.

The CHAIRMAN. You say some of the Americans were seeking paradise?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. In other words, the Soviet Government set up and devised this colonization project, which was supposed to furnish a happy refuge to the persecuted?

Mr. DUBROWSKY. The persecuted; yes.

Mr. WHITLEY. Racial minorities?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. And they required this initial payment of \$2,000, in addition to soliciting funds to finance this?

Mr. DUBROWSKY. In addition to soliciting funds, generally speaking. I believe I have some of the blanks.

Mr. WHITLEY. And after they had gotten in all of the revenue they could—

Mr. DUBROWSKY. It disappeared.

Mr. WHITLEY. It disappeared, because the facilities were not adequate?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. Is that a copy of one of the solicitation cards? [Exhibiting.]

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. This is a solicitation card for contributions. The card is put out by the American Committee for the Settlement of Jews in the U. S. S. R. and calls for contributions to this relief project, and the contribution is also to include a membership fee.

Do you have any idea, Doctor, of your own knowledge, of the total amount of moneys collected for this purpose in the United States alone?

Mr. DUBROWSKY. I believe about \$1,000,000 was collected for this.

Mr. WHITLEY. You believe. You mean by that——

Mr. DUBROWSKY. Some members of the committee told me that this is approximately the sum that was collected.

Mr. WHITLEY. A million dollars in the United States?

Mr. DUBROWSKY. About a million dollars in the United States.

Mr. WHITLEY. For this project which folded up?

Mr. DUBROWSKY. Which never materialized.

Mr. WHITLEY. As a matter of fact, never started?

Mr. DUBROWSKY. Well, it did start.

Mr. WHITLEY. But I mean on a sound operating basis.

Mr. DUBROWSKY. On a sound operating basis it never started. It was a failure from the very beginning.

Mr. WHITLEY. These are various advertisements, advertising material, and for the purpose of working up funds for that project here, Mr. Chairman.

Doctor, how were those funds handled by the committees? For instance, the American committee would collect those funds and send them to the Soviet Government, or some agency of the Soviet Government, supposedly to be expended for this colonization plan?

Mr. DUBROWSKY. Well, they had an office in Moscow and could send them directly to the Biro-Bidjan by way of Moscow, but they never reached Biro-Bidjan because they had no bank, and it would be kept for that credit, supposedly. The Moscow Bank got it; you can rest assured of that.

Mr. WHITLEY. Now, Doctor, Saturday, when the hearing was adjourned over the week end, you were testifying on the manner in which the Soviet Government, through the Russian Red Cross of the United States, of which you were the head, was collecting from the Veterans' Administration funds, insurance, and disability benefits, for beneficiaries in Soviet Russia, and you described, I believe, prior to adjournment, the difficulties you had as head of the Soviet Red Cross in this country trying to make certain that those funds which, of course, were being paid by the American taxpayers—the difficulty you had in trying to make certain that those funds did go to the beneficiaries of the veterans in Russia; and I believe you stated at that time you resigned as head of the Russian Red Cross in the United States, in 1935, it was because they had made arrangements whereby you could exercise no degree of supervision as to where the funds collected from the Veterans' Administration in this country went, and you were convinced that they were not going to the beneficiaries in Russia, so you submitted your resignation and wrote letters to the Red Cross of the

United States and to the Veterans' Administration explaining why you were resigning. Is that correct, sir?

Mr. DUBROWSKY. Quite correct.

Mr. WHITLEY. Now, do you have any further testimony or any further material which might be of interest with reference to that particular type of proceeding?

Mr. DUBROWSKY. Yes. In justice to the American Red Cross and the United States Veterans' Administration, I must state that the whole matter of settling veterans' estates of Russian nationality was undertaken in good faith, with the explicit and definite understanding that not one cent of these funds will, in any form, shape, or manner, be confiscated by the Soviet authorities. To that extent I have obtained definite ruling and legislation from the Soviet Government. It was signed by the President, Kalinin, and became the law of the land, and to that effect the Department or Commissariat of Finance has signed a letter dated on the 8th of October 1927. We have not started liquidation of any of the benefits due until these assurances were given to me, for me, in turn, to give them to the United States Veterans' Bureau and the American Red Cross. That was the definite and explicit understanding I had with Judge John Barton Payne, since deceased. All of us were very happy to help to liquidate pending benefits due the American veterans who have made the supreme sacrifice. It was only just that that be done.

We began to liquidate these matters which have accumulated since 1918—we began to liquidate in 1928. That was the period that elapsed of about 10 years. Consequently the lump sum due each and every beneficiary residing "happily" in the land of communism was rather a substantial sum. By way of illustration, the insurance money, one phase of the benefits, which usually amounted to \$57.50 per month for the duration of 20 years—that was the condition of issuance, issued by the United States Government—

Mr. WHITLEY. There was same variance there?

Mr. DUBROWSKY. Some were issued in \$5,000, some in \$10,000, but I should say about 75 to 80 percent had a \$10,000 issuance payment. What I want to emphasize is the fact that the initial check, upon the settlement of each and every veteran's case, the initial check, which was a lump sum, amounted to about six to seven thousand dollars. That was the accumulation of the first 10-year period.

Mr. WHITLEY. How many of these claims were there, approximately, that had accumulated at that time?

Mr. DUBROWSKY. Oh, we had thousands of claims; we had thousands of claims. In addition to the insurance benefits, there were benefits as paid to dependent parents, to dependent widows, to dependent minors—bonuses; all the benefits which the American native veteran was legally entitled to, the foreign element was just as entitled.

Now the curious thing that I came across in some cases—not all—one could not possibly interview the individual beneficiary at a distance of 5,000 miles; but every once in a while a repercussion would reach Washington, in the form of a letter; sometimes it would be sent to the White House, sometimes would be sent to the State Department, sometimes would be sent to the Veterans' Bureau, or the American Red Cross, or to my own office in New York, in which the complaint would be made that an attempt has been made, a successful

attempt, by the local authorities, usually the OGPU, to confiscate the funds; because the moment they received it, they were transferred from real, honest-to-goodness proletariats into kulaks, or the wealthy bourgeoisie.

Mr. VOORHIS. In other words, that was rather an automatic result upon receipt of the funds?

Mr. DUBROWSKY. That is right. In other words, we began to create a class which was being forcibly exterminated by all means in their possession, and there was a real dilemma—what are we to do? We are creating a class which the Soviet Government wants to exterminate and has been successfully exterminating for 10 years. But the desire for the dollar was stronger than the principles involved, and so they have overlooked the fact that we were creating a middle class of kulaks and bourgeoisie. That was all right insofar as Moscow is concerned, but it was not all right insofar as the preliefs, the Provinces—

The CHAIRMAN. The local governments?

Mr. DUBROWSKY. The local governments; yes. And so I came into possession, and I will submit to you gentlemen the correspondence in that case, but I don't want to make public the name of the individual, because I don't want to subject him to additional persecution; he has had enough. I believe he was quite sorry that he began to receive compensation from the United States. It was the case of one former trader, a man who was taboo and a criminal in the eyes of the Soviet Government.

Now, he possessed a house before the revolution. Since he was not a proletarian it was, of course, confiscated, and he lived with his family in a small log cabin on the outskirts of the city. His own rather pretentious house for that section of the country was confiscated. When he received the 6 or 7 thousand dollars from the original check, the local government made the proposition to him they will sell him his own house—of course, of his own free will. He fell for it. He paid the check for his own house. The change of government, local government in Russia, occurs quite often, and the change of names. The next administration, which came shortly after, says "We don't recognize that purchase. You were evicted once and confiscated once, and that stands. Never mind you paid \$7,000; out you go again," and they took it away.

Mr. WHITLEY. You just cite that to illustrate the manner in which—

Mr. DUBROWSKY. I cite that to give you an idea of what was being done.

Mr. WHITLEY. Do you know this individual—I mean do you know these circumstances of your own knowledge?

Mr. DUBROWSKY. Of my own knowledge, because I have the knowledge of it, and the Red Cross Bureau has knowledge of it, and the State Department and the American Red Cross. It was a celebrated case. There were rather a few cases, so that when this testimony is in print they would not know to which one I particularly refer. There were a number of similar cases.

Now, I remember I flew to Washington to see Skvirsky. I just raised hell when my attention was called by the Red Cross Bureau and by the American Red Cross—"Well, this is the way we are going to fulfill an obligation." And at that time I did not tell the Ameri-

can Red Cross nor the Veterans' Administration of what steps I took. I gave them virtually an ultimatum that unless this man gets his house within 48 hours, gets possession of the house, I will see to it that every case pending will be dormant until doomsday; there will be no more funds. I was notified by cable—this was all cable correspondence—that upon telephonic communication with the local authorities they find from Moscow that it is the fault of the local government that did it; that commission has left Moscow and the local chairman of the Soviet will pay for the interpretation, his own individual interpretation of the law. Whether they have executed him or whether they have not executed him, I don't know.

Mr. WHITLEY. Do you have the cablegram, doctor?

Mr. DUBROWSKY. I most likely have it; yes.

Mr. WHITLEY. Do you have it with you?

Mr. DUBROWSKY. No; I don't believe so; I have so many documents. But I will submit this case as an illustrative case with the entire correspondence that I mentioned, with the understanding, of course, that the names will be withheld—the names of the beneficiaries.

The CHAIRMAN. Well, there would not be any purpose served in making public the names.

Mr. DUBROWSKY. Certainly; because everyone understands they will take the consequences of it. They returned the house to him; they restored possession. In the meanwhile he was getting an additional \$57.50 per month; he was getting it through the Torgsin. He was getting \$20 a month as dependency compensation and I believe at that time I also adjusted his adjusted-service certificate, or it might have come a little later; but, at any rate, he had a regular income of about \$77.50 and, judging from people that have seen him—there was a man who kept on reporting to me every once in a while, who was a fellow traveler, and who happened to like that man—they lived, naturally, like lords; they had plenty of food, plenty of everything for \$77.50 per month.

I understand in 1934 the house was confiscated again; he was dispossessed. A new administration, if you please, came into that town. Now, let us assume that this man is getting \$77.50 per month now, as they do regularly; the Treasury of the United States regularly sends the compensation check of either \$20, \$15, or \$30. That depends. If a father and mother are alive, it is \$30 a month; if one, either father or mother, it is \$20 a month; if a wife is alive, she gets \$30; if children are still minors, they get up to the age of about 21, with the privilege of going to school.

Now let us assume that this is a typical case, or any other case—and there are hundreds and hundreds of cases today that are getting these benefits from the Treasury of the United States monthly, what do they get with the closing of this Torgsin? When they get the check, they have to go to the State bank and exchange it for rubles at the official rate of exchange, and that today—when I was there, it was 1 ruble and 10 kopecks; now officially it is 5 rubles per dollar. Now, gentlemen, 5 rubles per dollar today will purchase just exactly 10 kopecks' worth of food. Ninety percent is retained by the State bank; 10 percent the beneficiary gets.

Mr. WHITLEY. In other words, Doctor, at the present time, out of these thousands of claims that are being paid by the American taxpayers, the beneficiaries in Russia—

MR. DUBROWSKY. Ten percent goes to the beneficiary and 90 percent to our friend, Stalin.

MR. WHITLEY. Ninety percent goes to the Soviet Government?

MR. DUBROWSKY. Yes; quite correct.

MR. WHITLEY. Doctor, is there any limitation on the use which the Soviet Government could make of the 90 percent which they retain? In other words, could they use that to carry on their propaganda in the United States?

MR. DUBROWSKY. They use it for anything they damn please; it is theirs; they have possession of it. And, in their case, it is not nine-tenths of the law; it is just ten-tenths of the law.

MR. WHITLEY. In other words, indirectly at least, the American taxpayers, through that system, are helping to pay for Communist propaganda being spread in this country?

MR. DUBROWSKY. Yes; they do, unfortunately. I said it is a most unfortunate thing, because it is not in accord with its promises, its solemn undertaking that they have signed, they have agreed to; but it is the system that a promise is never a promise given to a bourgeois individual, or a bourgeois state. That is an axiom that one must remember always; no exceptions are being made.

MR. WHITLEY. It is part of the Communist philosophy?

MR. DUBROWSKY. When given to a bourgeois state.

THE CHAIRMAN. Doctor, one of the greatest hopes of the world is that neither Stalin can trust Hitler nor Hitler trust Stalin and, in all probability, they will fall out before long; don't you think so?

MR. DUBROWSKY. I would not at all question if each one gets a stab; but they would not for the time being.

THE CHAIRMAN. Knowing Stalin as you have and being able to size up his character—

MR. DUBROWSKY. Well, it is inescapable, Mr. Chairman, and the moment he has a chance to stab in the back, you can rest assured he will.

MR. WHITLEY. Mr. Chairman, that covers everything specifically I have to question Dr. Dubrowsky about today. He has or will have a little additional material—

MR. DUBROWSKY. Can I give this legislation, the translation of it? One is the legislation as to the veterans and inheritance. [Submitting.]

THE CHAIRMAN. There is no way of estimating, Doctor, how many millions of dollars the American people are spending in order to finance Soviet Russia and Communist propaganda in the United States, is there.

MR. DUBROWSKY. I can roughly make an estimate. I mean putting the records together will give them approximately \$2,000,000 a month.

THE CHAIRMAN. \$2,000,000 a month?

MR. DUBROWSKY. Yes.

THE CHAIRMAN. And part of that \$2,000,000 is a clear profit to the Soviet Government?

MR. DUBROWSKY. Any form of robbery is pure profit; it does not cost anything.

THE CHAIRMAN. I say part of that goes to the Soviet Government and part of it for propaganda purposes in the United States?

MR. DUBROWSKY. For whatever they please; yes.

THE CHAIRMAN. What I mean is they don't spend the whole \$2,000,000 for propaganda in the United States and espionage work?

Mr. DUBROWSKY. I doubt that.

The CHAIRMAN. They get a clear profit over and above that?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. To maintain their spy system for them?

Mr. DUBROWSKY. To help to maintain.

The CHAIRMAN. And they get a profit over and above it?

Mr. DUBROWSKY. We are supporting the most sinister gold mine that has ever existed.

Mr. VOORHIS. Doctor, can you break down that \$2,000,000?

Mr. DUBROWSKY. I say approximately, now, let us say—I will break it down for you. My estimate of packages at the present moment is approximately seven to eight million dollars a year. That is packages. Amkino should give approximately four to five million dollars.

The CHAIRMAN. Forty-five million?

Mr. DUBROWSKY. Four to five million.

The CHAIRMAN. Oh, yes; four to five million. What about motion pictures?

Mr. DUBROWSKY. That is Amkino; that is what I mentioned.

The CHAIRMAN. Now, the veterans?

Mr. DUBROWSKY. Oh, yes; the veterans should still give possibly about, at the present moment—this is 1939; that is just exactly 20 years since they began paying—

Mr. VOORHIS. I believe this is the last year of the insurance?

Mr. DUBROWSKY. They will be deprived of a certain increment; fortunately; the legislation expires, and the United States Treasury is not going to send any more money.

Mr. VOORHIS. But still the insurance is replaced in certain other ways, with increase in benefits for widows and orphans.

Mr. DUBROWSKY. Well, in some other form—either benefits for dependency and sickness, and what not; but not to the same extent, though.

Mr. VOORHIS. That is true.

Mr. DUBROWSKY. The increase will be rather infinitesimal to what was being paid. Now, let us see—Mr. Whitley, will you help me out? There were 14 different allowances.

Mr. WHITLEY. Yes. What was your estimate of the veterans' claims?

Mr. DUBROWSKY. Of the veterans' claims, there is present today, this year, I should say, possibly three or four hundred thousand dollars a year.

Mr. WHITLEY. And that, of course—your estimate—is based on your close association with and actual management of those claims for a period of many years?

Mr. DUBROWSKY. For a period of many years.

Mr. WHITLEY. Four or five hundred thousand dollars, did you say?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Three to four?

Mr. DUBROWSKY. That is including some of the veterans' estates. Some of these insurance moneys, Mr. Congressman, are still being administered now, being liquidated now, and they get it in a lump sum. It may be ten thousand; it may be eight thousand; it may be twelve thousand; and it may be fifteen thousand, if the veteran had some property which had to be administered and liquidated.

Mr. WHITLEY. Now, Doctor, you testified concerning Inreklama?

Mr. DUBROWSKY. Yes.

Mr. WHITLEY. That is an advertising racket which is operated in conjunction with Amtorg. What would you estimate their present income from that source?

Mr. DUBROWSKY. That racket entirely depends upon how much business Amtorg does.

Some months they do ten or fifteen million dollars; some months they do one million. That entirely depends on what transactions they had with the industrial organizations in the United States. I know that last year's transactions amounted to about \$40,000,000 in export and about \$25,000,000 in import, or \$65,000,000; and out of \$65,000,000 you can approximately figure anywhere between 2 and 5 percent is getting in—

Mr. WHITLEY. On this advertising scheme?

Mr. DUBROWSKY. Yes, sir; in the form of advertising and some other solicitations.

But that is not permanent. That depends. If they do more business, the more they keep back; the less business, the less they keep back.

Mr. WHITLEY. What did you say it was last year?

Mr. DUBROWSKY. That was \$65,000,000.

Mr. WHITLEY. And 2 percent would be over a million dollars?

Mr. DUBROWSKY. It is. It was.

Mr. WHITLEY. Now, you testified concerning Bookniga.

Mr. DUBROWSKY. Bookniga, I understand, does approximately \$150,000 to \$200,000 a month throughout the United States.

Mr. WHITLEY. And what percentage of that would be profit?

Mr. DUBROWSKY. 100 percent.

Mr. WHITLEY. That is all; a hundred percent profit?

Mr. DUBROWSKY. That is all.

Mr. WHITLEY. It is all profit?

Mr. DUBROWSKY. It is all profit; yes.

Mr. WHITLEY. You testified concerning the Soviet-American Securities Corporation, which I understand is not in existence at the present time.

Mr. DUBROWSKY. Not in existence at the present time; no. But they have collected a great deal of money.

Mr. WHITLEY. And, of course, Biro Bidjan—

Mr. DUBROWSKY. Also is not in existence. It didn't live long.

Mr. WHITLEY. Now, Mr. Recht, as the exclusive representative of what was first the Consultation Bureau and which was later known as the Credit Bureau, and what is now known as the Iniurcollegia—

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. Is collecting insurance and other claims in the United States?

Mr. DUBROWSKY. Insurance in the States, so that the different States of the Union be not offended; he is collecting industrial compensation.

Mr. WHITLEY. Also for Russian beneficiaries, supposedly?

Mr. DUBROWSKY. Yes, sir; not supposedly. It is all collected—

Mr. WHITLEY. I mean he is supposedly collecting for Russian beneficiaries?

Mr. DUBROWSKY. That is right. That is the legal phraseology of it—collecting it for the widows and orphans. They never see it.

Mr. WHITLEY. You have no idea what the total amount is?

Mr. DUBROWSKY. The total amount of the inheritance and industrial insurance should be approximately half a million dollars a year—about \$500,000.

Mr. WHITLEY. And of that, after he takes his percentage—I believe you testified that was 10 percent?

Mr. DUBROWSKY. That is right.

Mr. WHITLEY. The other 90 percent goes to the Soviet Government?

Mr. DUBROWSKY. Not 90. They pay the beneficiaries about 5 or 6 percent.

Mr. WHITLEY. I believe that covers the various organizations you have mentioned, Doctor.

The CHAIRMAN. Well, no; he counted—

Mr. DUBROWSKY (interposing). No; I made a mistake. My estimate was evidently based upon—I forgot to take into consideration that this is 1939, and the benefit stops some time this year. It was a heavy income.

The CHAIRMAN. What would the estimate be, then, a month?

Mr. DUBROWSKY. Approximately, I should say, over a million dollars a month.

The CHAIRMAN. Well, assume that it is \$15,000,000 a year.

Mr. DUBROWSKY. That would be approximately right.

The CHAIRMAN. That would not take into consideration what the Communist Party raises?

Mr. DUBROWSKY. That would not include what the Communist Party raises. That is an entirely separate entity.

The CHAIRMAN. The evidence has shown that the Communist Party raises directly about \$2,000,000 a year?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. That would bring it to \$17,000,000?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. That still does not take into consideration what the "front" organizations raise, and which finally goes to the Soviet Government?

Mr. DUBROWSKY. In one for or another—all to support the Soviet Government.

Mr. VOORHIS. Doctor, in many cases it is more important, is it not, to have this money spent here, for certain reasons?

Mr. DUBROWSKY. I say, in some form or another.

Mr. VOORHIS. Doctor, have you any estimate of how much money you handled altogether when you were handling those veterans' claims?

Mr. DUBROWSKY. I should say that in the years between 1928 and 1935—that was 7 years—I was handling on the average of about a million dollars a year; slightly more.

Mr. VOORHIS. You handled \$7,000,000 altogether?

Mr. DUBROWSKY. Seven or eight million dollars.

Mr. VOORHIS. And do you have any very definite idea how much of it finally got to the beneficiaries who were supposed to get it?

Mr. DUBROWSKY. Mr. Congressman, as I said, when Torgsin was in operation, when the individual peasants would utilize the privilege that was given to them as the individual beneficiaries, then they would get approximately, I should say, depending upon the price of the commodity of the day and the period of the year, around 60 per-

cent in commodities: but I am rather suspicious that those that lived in the far-distant villages and small towns, that they had no choice in the matter. A good many of them, a good proportion, I would say the majority of them, were either completely illiterate or semi-illiterate, and whether they sold it for a few pounds of salt, a few pounds of sugar—which was very scarce, almost as precious as a precious metal is, or a diamond—when it was exchanged under those circumstances, they got a pittance. But it is quite hard for me to say; I mean that would be a guess, and I would not want to do that.

Mr. WHITLEY. I believe, Doctor, that you testified Saturday that although for many years you had been making one or more trips to Soviet Russia every year—

Mr. DUBROWSKY. That is quite true.

Mr. WHITLEY. When you started these collections, for a period of 6 years, you did not go?

Mr. DUBROWSKY. I was not allowed to go, during all this time since I started liquidation of the veterans' estates. There would be one excuse and another one, and I would not be allowed to go.

Mr. WHITLEY. If you had gone, probably you would have made it your business to check up through some of these individuals?

Mr. DUBROWSKY. The papers that I asked to go were for this specific purpose, because I kept promising the Veterans' Administration and the American Red Cross, "next year," and it was always postponed. "No; this year you cannot go; next year you will go." And that lasted for 6 years.

Mr. WHITLEY. Doctor, by way of repeating, in order to make it absolutely clear for the record, your estimates as to the present income from these various sources to the Soviet Government are based on your individual, personal knowledge of the operations of these various enterprises over a period of many years?

Mr. DUBROWSKY. That is right. Now, I am quite certain that I am making a very conservative estimate as to the record to date, because I have definite figures that I should like to call your attention to. In 5 years from the beginning of the operation of Torgsin, it brought them 240,000,000 rubles, which is about \$30,000,000. That was not all from the United States. The United States participated to the extent of about one-third.

The CHAIRMAN. About one-third?

Mr. DUBROWSKY. Of the 240. Now, the need is still just as acute, although they have absolute socialism. They have attained it.

Mr. WHITLEY. Where are those figures from, Doctor?

Mr. DUBROWSKY. These figures I have taken from the Department of Finance—the Commissar of Finance. That was verified, and I have it, and I will endeavor to locate it. It was published here 2 or 3 years ago by the Soviet-American Chamber of Commerce.

The CHAIRMAN. Doctor, what I was trying to get awhile ago was this: Taking all the sources of revenue that we have been considering, in your judgment would you say that the Soviet Government and the Communist Party of the United States jointly raise as much as \$25,000,000 a year in the United States? Would that be a conservative figure?

Mr. DUBROWSKY. Mr. Chairman, I can make an estimate of what the Soviet Government, from its record, raise approximately themselves.

Now, in as far as the Communist Party is concerned, although having been in contact with individual Communists here and there, I had no direct access, because I was not a party——

The CHAIRMAN (interposing). You have testified that it raises approximately \$2,000,000 a month?

Mr. DUBROWSKY. Yes, sir.

The CHAIRMAN. And that the front organizations of which we have a record raise approximately \$10,000,000?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. So that an approximate figure for a year would be around \$25,000,000 that the Communists are raising in this country?

Mr. DUBROWSKY. That is right.

The CHAIRMAN. But whatever that total figure is, the money goes, does it not, first, to maintain their spy and sabotage system in the United States; that is one of the purposes; another purpose is to spread propaganda throughout the country in favor of communism and the policies of the Soviet Union? Would not that be another purpose?

Mr. DUBROWSKY. Primarily; foremost.

The CHAIRMAN. And the spy and sabotage system would be——

Mr. DUBROWSKY (interposing). Goes necessarily hand in hand with it.

The CHAIRMAN. Then, after financing their own spy system and propaganda system in the United States with American money——

Mr. DUBROWSKY. With American money.

The CHAIRMAN. And the taxpayers' money to some extent?

Mr. DUBROWSKY. That is it.

The CHAIRMAN. Then, over and above that, there is a profit that can be used to do the same thing in other countries?

Mr. DUBROWSKY. In England, if they like England very much; and that happens to be a capitalist country.

The CHAIRMAN. The point I am asking about is, we are not only financing this in the United States, but we are financing it for other countries?

Mr. DUBROWSKY. Yes.

The CHAIRMAN. Because Browder admitted that they make regular shipments of money to other countries?

Mr. DUBROWSKY. They do.

The CHAIRMAN. So we are helping the Soviet Union and we are helping the Communist Party in other countries as well as the Communist Party in the United States?

Mr. DUBROWSKY. Certainly.

The CHAIRMAN. All at the expense of gullible American people?

Mr. DUBROWSKY. The deduction is quite correct.

The CHAIRMAN. Now, if we can just get the figures on what the Hitler bunch is doing we will get some idea of how many millions are being fleeced from them.

Mr. WHITLEY. Doctor, to make it perfectly clear for the record, these figures that you have furnished are your best estimate for the present, and although you have not had any official connection with the Soviet Government since 1935——

Mr. DUBROWSKY (interposing). That is right.

Mr. WHITLEY. Your intimate knowledge of the income from these sources during your years of official association——

Mr. DUBROWSKY (interposing). Of 16 years of active participation.

Mr. WHITLEY. That qualifies you to make an estimate, because you know that they are increasing every year instead of decreasing?

Mr. DUBROWSKY. That is it.

Mr. WHITLEY. So that is your basis for your estimate as to the present income?

Mr. DUBROWSKY. That is quite correct.

The CHAIRMAN. Well, everybody is contributing to this Communist fund in the United States. According to your testimony, American businessmen and industries are contributing a certain amount.

Mr. DUBROWSKY. Of course they do. The businessmen contribute a considerable amount, Mr. Chairman.

The CHAIRMAN. Then, of course, from the testimony we have heard, labor unions that permit their funds to be diverted contribute a certain amount?

Mr. DUBROWSKY. Certainly they do.

The CHAIRMAN. And liberals who have joined front unions have contributed a certain amount?

Mr. DUBROWSKY. Certainly.

The CHAIRMAN. And conservatives have contributed a certain amount?

Mr. DUBROWSKY. Certainly.

The CHAIRMAN. So it looks as if everybody is contributing to this business.

Mr. DUBROWSKY. It is a communal affair. Everybody does it.

Mr. VOORHIS. Doctor, could you give us some idea about these complaints that were sent by veterans who were supposed to get their money; about how many such complaints would be received in a month while you were handling them?

Mr. DUBROWSKY. I have been receiving many complaints, and so has the Veterans' Bureau; but insofar as we were concerned, sitting here at a distance, every time a complaint would come in I would make it my personal business to attend to it. I would raise the dickens with Amtorg. I knew that Amtorg is not a private organization. I would raise the dickens with Skivirsky, and later on with the Embassy. I would personally cable to Litvinoff; I would cable to the Bank of the Union of Soviet Socialist Republics; I would cable to the Red Cross. I have not left an avenue open until I felt that rectification has been made. But the only proof that I had is the notification that everything has been adjusted.

Mr. VOORHIS. And that would come through official sources?

Mr. DUBROWSKY. And that would come through official sources. But that is all I could vouch for.

Mr. VOORHIS. At any rate, these complaints came in in such large numbers, and you had so little assurance that real rectification was made, that that was the reason why you—

Mr. DUBROWSKY (interposing). My experience was at the beginning, when they began to come in. I cited the case of that individual who was made to repurchase a house which was confiscated. Now, mind you, for a period of years he was allowed to possess that house. It was by accident that I came to the knowledge that about 1935 it was taken away again. But for a period of years he had it.

Mr. WHITLEY. Doctor, did these individual beneficiaries in Soviet Russia have any difficulty in getting complaints out if they wanted

to make them? Did they have to smuggle them out, or did they just write over here?

Mr. DUBROWSKY. Well, ordinarily, of course, at the present moment, and for the last few years, it is much more difficult to communicate with anyone outside than it was during the period beginning with 1928 and up to about 1932 or 1933. That was a comparative period of enlightened administration. And they began to stiffen up after 1932, until now I could not, of course, communicate with anyone, because the mere fact that a letter or post card would be received that was suspected to be from me would be equivalent to condemning that individual to death. But I have tried through different sources which are quite persona grata, and I could not get any response whatsoever. In other words, the individual citizens are just frightened out of their wits.

Mr. WHITLEY. In other words, Doctor, even during the period in which you stated to me that communications were easier, for every complaint that would get through there were probably hundreds of individuals in the same position who either did not know where to make a complaint or could not make one? Would that be an accurate statement?

Mr. DUBROWSKY. Mr. Whitley, that, of course, would be possibly a justifiable assumption, but still it would be an assumption on my part. I want to stick to actual facts, personally known to me.

Mr. WHITLEY. Yes. In other words, you have no reason—

Mr. DUBROWSKY (interposing). I don't trust them. I don't believe them.

Mr. WHITLEY. You have no reason to know that a great many who did not receive any benefits were unable to make complaints?

Mr. DUBROWSKY. The likelihood is—I have had cases where people were locked out, for some reason or other, and would be exiled, say, to Siberia. I had a few of those cases. I found a novel means of getting them back to civilization and to life. I would demand a power of attorney from them, executed in Moscow—I have specific cases that I am referring to, and I will submit the cases, if you so desire, without mentioning their names, because if they are alive, back they go—under the pretext that the estate that I am administering demands that I have a power of attorney, which is executed in Moscow before a foreign consul. That was before the American consulate obtained recognition. To my amazement, the desire to get dollars was overwhelming, and the principle be damned. They would return a convict, supposedly for life, back to Moscow, and the power of attorney would be executed, and he would be kept there until I would send the money. But the money, you understand, was kept coming very slowly. I would keep it a year—I would not think of putting it into the estate—1, 2, or 3 years. I remember a specific case which John Barton Payne asked me to take. That was the case of Princess Gagarin, who was a lady of 76. Part of her family escaped to the United States. I knew her son. They wanted to see the old mother before she died. She was 76. They made every possible attempt—and another racket that I forgot to mention was Intourist—

Mr. WHITLEY. Yes.

Mr. DUBROWSKY. I told them, "Gentlemen, either you produce Princess Gagarin in New York"—because Judge Payne asked me to bring

her here—"or I shall not go back to Washington in any of your cases." Princess Gagarin was here in 6 weeks. For 2 years they were trying to get her out.

Now, if they were principled, they should not have let the old lady out, because they knew that she would be tempted to plot upon the life of Stalin at the age of 76. But they let her out because they felt that I was going to fulfill my promise, I would not go to Washington, and there would be no cases settled. She was allowed to go. I mean, I give that by way of illustration, that you are not dealing with principled individuals. It turned into political gangsterism, pure and simple and unadulterated.

The CHAIRMAN. The money they were getting, though, the hard dollars they were getting from the United States, meant a great deal to them?

Mr. DUBROWSKY. It meant a hell of a lot to them.

The CHAIRMAN. Indeed, it meant more to them than it would to anyone else, at that time, especially?

Mr. DUBROWSKY. I should say so.

The CHAIRMAN. They needed it?

Mr. DUBROWSKY. They needed it desperately; that is right.

The CHAIRMAN. Now, we were talking about the total amount raised for Communist activities and propaganda and spying; these front organizations, for instance, numerous organizations that have been formed to raise money, presumably for the purpose of helping distressed people. For instance, they organized to help the Chinese people, did they not?

Mr. DUBROWSKY. Yes, sir.

The CHAIRMAN. And the Spanish people?

Mr. DUBROWSKY. Yes, sir.

The CHAIRMAN. And whenever anything in the way of emergency or tragedy occurred throughout the world, they would form some sort of fly-by-night organization and go out and collect huge sums of money. Well, of course, in order to find out the total amount that they have gotten every year, you would have to find out how much of this money they have raised for the multitude of purposes?

Mr. DUBROWSKY. Quite right.

The CHAIRMAN. And how much they actually pocketed and used for Communistic purposes?

Mr. DUBROWSKY. Quite right.

The CHAIRMAN. We are going to have some very concrete evidence on that, but we will not have the total amount, because they did not make records in many instances. But it would be a conservative figure to say that from twenty-five to thirty million dollars a year had been raised in the United States for these various purposes that I have outlined, would it not?

Mr. DUBROWSKY. I would not be at all surprised.

Now, by way of illustration, gentlemen, of the interlinking directorates, here is a lady, Jessica Smith, who was to my own knowledge employed in the Soviet information bureau. Then she was employed in the information department of the Embassy, after recognition. Then they moved the Soviet Review, which was published by Skvirsky, to a temporary address of the national president in Washington, D. C., of which she became editor—an official publication of the Soviet Government; and then, sometime later, she be-

comes editor of Soviet Russia Today, an American publication. Do you follow the link from the Embassy to the Friends of the Soviet Union? That is where it is.

As I said and pointed out and tried to emphasize, the line of demarcation is blurred completely. You don't know.

The CHAIRMAN. What is the Intourist racket that you were speaking of? How is that operated?

Mr. DUBROWSKY. That is a purely governmental institution that performs a definite function in misleading foreign tourists. Primarily it is a racket to get dollars; and the moment a foreigner comes into Russia he cannot move, he cannot see anything, unless an interpreter of the Intourist follows and explains it. Every member of the interpreter organization is in the service of the Soviet Union. Every member is a party member. And the curious part of it is that it does not matter which interpreter you go with to a certain place; it is a dissertation that they have all learned by heart—different individuals in different sections, but it is the same dissertation on the same subject, almost verbatim.

Mr. WHITLEY. By way of propaganda for the tourists?

Mr. DUBROWSKY. Surely. That is why you have so many fellow travelers coming back with glorious accounts of how wonderful food they ate and what wonderful quarters they had to stay in.

The CHAIRMAN. But where the Communist Party is underground or illegal, and in countries in which it is now illegal, they are not able to raise anything like the sums of money that they are where they operate under charter, are they?

Mr. DUBROWSKY. Then the Comintern gives them a helping hand.

The CHAIRMAN. Where do they get help from the Comintern?

Mr. DUBROWSKY. Every underground movement is the Comintern's duty and excuse for existence, and the justification for its existence is the fact that it is either supporting those movements by means of funds or moral help. Every possible assistance that can be gotten is given to them.

The CHAIRMAN. I think you stated this before, but I want to get the positive statement in the record. From your experience, your official position with the Soviet Government for a long time, and your membership in the Communist Party before you became inactive, would you say that every member of the Communist Party and the Communist Party, are agents and agencies of the Soviet Union?

Mr. DUBROWSKY. Absolutely. The prime allegiance—I repeat that, and I must repeat that most forcibly—the prime allegiance of every Communist member is to the Communist Party, and consequently to the Communist International—the homeland of communism; that is Russia.

The CHAIRMAN. And they must obey instructions of the Comintern?

Mr. DUBROWSKY. Absolutely; blindly, without any deviation. The moment there is a slight deviation from the general accepted order, out he goes.

The CHAIRMAN. And the Comintern is controlled by the Soviet Government?

Mr. DUBROWSKY. By the Soviet Government; yes.

The CHAIRMAN. So that, in effect, the Communist Party in the United States and its members are under the——

Mr. DUBROWSKY (interposing). Is controlled indirectly by the Soviet Government. That is true with no exception. The same control is exercised throughout the whole civilized world—China, Britain, France, and so forth.

The CHAIRMAN. In case of war, if instructions went forth from the Soviet Government, or from Stalin, to the Communist Party in the United States, instructing them to engage in espionage work or sabotage, it would be their duty to obey them?

Mr. DUBROWSKY. Either he resigns, or he has to do that. That must be absolutely clearly understood. There are no two ways about it. It is that way, and it cannot be otherwise. As long as he is a member of the Communist Party he must obey.

The CHAIRMAN. I wanted your positive answer to that, because we have legislation in the United States requiring the agents of foreign principals to register. Of course, neither the German-American Bund nor the Communist Party has registered. Likewise, under the Espionage Act there are certain provisions that would enable us to deal with the Communist Party and with the German-American Bund.

Mr. DUBROWSKY. And the sooner the better.

The CHAIRMAN. As a matter of fact, under the cumulative evidence that we have here from the testimony of the Communist Party leaders themselves they are nothing but agents of foreign powers and, as such, could be dealt with without in any way violating the Bill of Rights. After all, the American democracy does not have to tolerate in its midst the agents of foreign powers.

Mr. DUBROWSKY. It has now become a question of self-preservation, and the nation or the individual who will not take care of that essential requirement of self-preservation will perish. It is absolutely understood, and they will destroy you unless you destroy them.

The CHAIRMAN. To show how completely they are in control, I received this morning a circular, signed by Foster and Browder, advocating, of course, that America stay out of the war. Prior to the Soviet-Nazi pact they thought we ought to go to the aid of France and England and the Soviet Union. Now they have signed and are distributing throughout the United States this circular in which they call it an imperialistic war, but, of course, justify Soviet Russia in invading Poland.

Mr. DUBROWSKY. Yes, sir; invading Poland.

The CHAIRMAN. Does not that prove that they require the complete subserviency of the Communist Party of the United States and of their affiliated organizations, because here is the American League for Peace and Democracy that takes the party line?

Mr. DUBROWSKY. It is a part of the Communist Party.

The CHAIRMAN. Does not the very fact that they have reversed themselves completely, immediately, and without any delay, demonstrate conclusively that they are nothing in the world but tools and subservient agents of foreign powers?

Mr. VOORHIS. There was a delay of 2 days.

The CHAIRMAN. Yes. Of course, we are all in favor of neutrality, but they have completely reversed themselves.

Mr. DUBROWSKY. May I give an illustration of that: I watched the Daily Worker Sunday, Monday, Tuesday, and Wednesday and there was no attack on me. It was as strange a thing as could possibly happen. Browder could not decide what to do.

Mr. VOORHIS. There was no mention of it?

Mr. DUBROWSKY. No, sir. I was not attacked, but there will be an attack as soon as their instructions come from Moscow. There is only one deduction to draw—that instructions have been asked for, and they will come.

The CHAIRMAN. Since the Communist Party of the United States is engaged in a racket, is not only the agent of a foreign power, but has misappropriated funds, is without any moral standard or code of honor, I cannot understand why the Government of the United States cannot deal with people under those circumstances.

Mr. DUBROWSKY. I fail to understand it.

The CHAIRMAN. The matter has become a more direct issue in the United States as to whether or not the Communist Party and men like Browder, who travel on false passports, and men like Pelley, who misappropriate funds, can conduct a first-class racket in the United States with impunity.

Mr. DUBROWSKY. I heard one fellow traveler explain why Browder was not prosecuted. It was because, he said, the United States Government knows how powerful the Communist Party is, and they would rather not start prosecuting their leader.

The CHAIRMAN. I do not mean to say that they have misappropriated public funds. What I intended to say was that they have misappropriated funds in violation of the bankruptcy law. I do not know why we cannot deal with those people. There is no question of democracy involved. There is no reason why we should have to harbor in our domain such people.

Mr. DUBROWSKY. Democracy will have to wake up.

Mr. VOORHIS. It is our task to find a formula that can accomplish that without destroying certain civil liberties.

Mr. DUBROWSKY. I appreciate that point, but we have come to the point of a national emergency, and we have the question of the preservation of the Nation. That is of the utmost importance.

Mr. VOORHIS. I agree that the job must be done, but I say that it is a job that is difficult for the reason that you must try to do it in such a way that will not interfere with legitimate liberties on the part of the people. I believe that the line should be drawn as between the proper rights of an American citizen to hold the views they want to hold on the one hand and, on the other hand, people who are not acting freely, of their own free will, but under the duress or control of a foreign government.

Mr. DUBROWSKY. I always wondered when I read about the demonstrations conducted by people on W. P. A. projects, or the demonstrations staged when they wanted additional funds. Now, the moving spirit or the leading spirit in all of this is the Communist Party, directly or indirectly, beyond the shadow of a doubt. I wondered why those fools did not realize that they ought to be thankful for the mere fact that they were provided with help in a democracy which allows them the expression of their point of view. That is one of the conditions that we want to impose in the United States, but that would

not be allowed in the Soviet Union. Is there any possibility of striking there against the Government or protesting against the Government?

Mr. WHITLEY. Would that apply to the Workers Alliance?

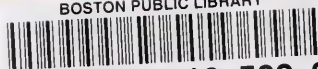
Mr. DUBROWSKY. Yes, sir; I mean the Workers Alliance. They would either shoot them against the nearest wall available, or would send them to concentration camps. I do not anticipate that the United States would shoot them against a wall or send them to concentration camps. Those people are misled—definitely misled. Another thing that forcibly keeps coming to my attention is the fact that we have unquestionably thousands and thousands of Communist Party members who have been for years on relief rolls. It would be a humane and legal attitude to take, gentlemen, to say to the members of the Communist Party “We will provide you with free transportation if you will go back to Russia.” or, if you are a Nazi, instead of putting them against the wall, to provide free transportation. It would be less expensive. You could furnish the transportation for \$250 or \$300, and that is less than 1 year’s relief money that they get. From my own personal experience I know that whenever a Communist went to Russia on his own—not as a delegate to be entertained, wined, and dined, but on his own—when he comes back, he is glad to be back. He wants to come back to America, and when he lands back here, he is a good citizen.

The CHAIRMAN. We will adjourn until 10 o’clock tomorrow morning.

(Thereupon, the committee adjourned until tomorrow, Thursday, September 28, 1939, at 10 a. m.)

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